



Mary Taylor, CPA  
Auditor of State



**GREEN TOWNSHIP  
HAMILTON COUNTY**

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HAMILTON COUNTY**

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Green Township  
Hamilton County  
6303 Harrison Avenue  
Cincinnati, Ohio 45247

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 Green Township, Hamilton County, Ohio (the Township), as of and for the year ended December 31, 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. 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 Green Township, Hamilton County, Ohio, as of December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, Tax Increment Financing Fund, Fire Levy Fund, Police Levy Fund, and Road and Bridge Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 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.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242  
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

**Mary Taylor, CPA**  
Auditor of State

February 26, 2008

Green Township Hamilton County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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This discussion and analysis of the Green 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 governmental activities increased \$ 2,313,200, or 28.6 percent, a significant change from 2005. The funds most affected by the increase were the General Fund and the Tax Incremental Financing Fund (TIF).

The General Fund Balance increased \$ 1,103,834 from year ending 2005 to the year ending 2006. This increase was due to the passage of a 1.5 mill levy for safety services in November 2004, which began tax receipt collections in 2006. The Township received \$1,500,413 during 2006 for one of two Safety Services Levies. The dependence from the General Fund for police protection and fire and emergency services was reduced, and these expenditures were paid from the new Safety Services Levy fund during 2006.

The TIF Fund Balance increased \$ 1,071,941 from year ending 2005 to the year ending 2006. This increase was due to an increase in valuations with increased single family home development and increased commercial development for TIF parcels within the Township. The total tax receipts in 2006 increased by \$ 2,043,313 and of this increase \$ 1,266,854 was distributed to the school districts and the Township received \$ 776,459. During 2006 the Township purchased approximately 80 acres of property for future park development for approximately \$5,176,500. These purchases were paid through the TIF fund and two one year notes with a total of \$ 3,835,000 due in April 2007. The notes will be paid by the TIF fund or further borrowing.

The Township's general receipts are primarily property taxes. These receipts represent 24.2 percent of the total cash received for governmental activities during the year. Property tax receipts for 2006 increased compared to 2005. The Safety Services Fund 2006 received revenue for the first time in 2006 of \$ 1,609,822, which is reported in the other governmental funds, and is the second Safety Services Levy.

**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 Government as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activity of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. 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 activity draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the

Green Township Hamilton County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, all activity is accounted for as governmental activity:

**Governmental Activities.** All of the Township's basic services are reported here, including police, fire, streets and parks. Property Taxes and State and federal grants finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

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

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

**Governmental Funds** - The Township's activities are categorized as 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's major governmental funds include the General Fund, Tax Incremental Fund (TIF), Fire Levy Fund, Police Levy Fund, and Road and Bridge Levy Fund, and Bond Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**General Fund** The general fund accounts 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 fund laws of Ohio.

**Tax Increment Financing Fund (TIF)** The tax increment financing special revenue fund accounts for payments received in lieu of taxes on property located within Green Township designated as a TIF parcel.

**Fire Fund** The fire special revenue fund accounts for tax revenues levied for the operations of the Township Fire Department.

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**Police Fund** The police special revenue fund accounts for tax revenues levied for the operation of the Township Police Department.

**Road and Bridge Fund** The road and bridge special revenue fund accounts for tax revenues levied for operations of the Township Public Works Department.

**Bond Fund** The bond fund is one created by the Township issuing debt to fund permanent improvement projects, such as property acquisition for parks and road improvement projects.

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

**The Township as a Whole**

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

(Table 1)  
**Net Assets**

	Governmental Activities	
	2006	2005
<b>Assets</b>		
Cash and Cash Equivalents	\$ 10,415,330	\$ 8,102,130
Investments	\$ -	\$ -
Total Assets	\$ 10,415,330	\$ 8,102,130
<b>Net Assets</b>		
Reserved		
Reserved for encumbrances	1,076,618	2,131,488
Unrestricted	15,240,696	5,970,642
Total Net Assets	\$ 10,415,330	\$ 8,102,130

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As mentioned previously, net assets of governmental activities increased \$ 2,313,202 or 28.6 percent during 2006. The primary reason contributing to the increase in cash balances is as follows;

The Tax Incremental Financing (TIF) Fund increased in revenue by \$2,043,313, while the expenditures increased by \$ 9,965 from 2005 to 2006. The Township purchased park land in 2006 at a total cost of \$ 5,176,500.

Green Township Hamilton County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

**The Township as a Whole**

Table 2 reflects the changes in net assets in 2006.

(Table 2)		
<b>Changes in Net Assets</b>		
	Governmental Activities 2006	Governmental Activities 2005
<b>Receipts: Program Receipts</b>		
Charges for Services	\$ 1,155,689	\$ 920,329
Operating Grants	61,930	293,414
Capital Grants	331,893	90,830
Total Program Receipts	\$ 1,549,512	\$ 1,304,573
<b>General Receipts</b>		
Property and Other Local Taxes	\$ 7,768,084	\$ 5,986,656
Payments in Lieu of Taxes	12,855,391	10,981,730
Grants and Entitlements not Restricted	6,914,200	5,723,026
Notes Issued	3,835,000	-
Sale of Capital Assets	5,228	6,171
Interest	506,411	275,958
Miscellaneous	316,632	1,263,470
Total General Receipts	\$ 32,200,946	\$ 24,237,011
<b>Total Receipts</b>	<b>\$ 33,750,458</b>	<b>\$ 25,541,584</b>
<b>Disbursements:</b>		
General Government	\$ 3,649,247	\$ 5,740,373
Public Safety	5,717,940	5,906,938
Public Works	3,483,335	3,095,754
Public Health	62,068	61,209
Economic Development	49,673	48,678
Conservation-Recreation	915,588	557,209
Payments to Schools	8,808,705	7,627,980
Other	-	53,052
Capital Outlay	3,538,700	847,879
Purchase of Land	5,176,500	2,195,152
Debt Service Principal Retirement	33,192	33,192
Debt Service Interest and Fiscal Charges	2,310	3,850
<b>Total Disbursements</b>	<b>\$ 31,437,258</b>	<b>\$ 26,171,266</b>
Increase (Decrease) in Net Assets	2,313,200	(629,682)
Net Assets, January 1,	\$ 8,102,130	\$ 8,731,812
Net Assets, December 31,	<b>\$ 10,415,330</b>	<b>\$ 8,102,130</b>

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**The Township as a Whole (continued)**

Of the general receipts, 23 percent of the Township's total receipts are received through local taxes and the Payments in Lieu of Taxes are receipts representing the schools share of taxes for the TIF Fund and equal 38 percent, Intergovernmental Receipts 18.8 percent, and Interest Revenue accounts for approximately 1.5 percent.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for other Township activities. Also included are the costs of the administrator, department heads, elected officials, as well as internal services, such as payroll, accounts payable and receivable, and purchasing. The TIF expenses are also represented in this category.

Public Safety includes the costs of police and fire protection; Public Health is the health services provided by the county; Conservation-Recreation Activities are the costs of maintaining the parks and playing fields, the senior center, and the lodge (a meeting facility); Public Works is the cost of maintaining the roads; and Capital Outlay is the cost for purchases of capital assets.

**Governmental Activities**

If you refer to the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General Government, Public Safety, and Public Works, which account for 29, 18, and 11 percent of all governmental disbursements, respectively. 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.

The dependence upon property tax receipts is apparent as you review the Statement of Activities, in that over 26.2 percent of governmental activities are supported by property taxes.

**The Township's Funds**

The Township governmental funds had receipts of \$ 31,750,458 and disbursements of \$31,437,258. As stated earlier, greatest change within governmental funds occurred within the General Fund and the Tax Incremental Financing Fund (TIF). The ending fund balance for General Fund was \$ 6,060,691 and for the TIF Fund \$ 2,610,324. The outstanding purchase orders for General Fund totaled \$ 158,705 and in TIF Fund \$ 532,362.

Green Township Hamilton County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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**The Township's Funds (continued)**

General Fund receipts were more than disbursements by \$ 1,103,834 indicating that the General Fund is in a more stable position than the previous year. This was a reduction of disbursements from the previous year and was accomplished by the elected officials and the administrative team through the purchase of items at the lowest cost and purchasing only items that were necessary to continue to provide good quality services to the community. These reductions did not eliminate the need for additional funds. The Township did pass a levy for 1.5 mills for safety services in November of 2004. Property tax collections began in 2006 resulting in increased revenue and reducing the burden on the general fund.

**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 several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to unexpected growth in tax receipts and intergovernmental receipts. The difference between final budgeted receipts and actual receipts was \$ 249,134 do to greater inheritance tax payments than expected at year end.

Final disbursements were budgeted at \$ 4,834,721 while actual disbursements were \$ 4,177,323 for the General Fund. The Township had \$ 158,705 in outstanding purchase orders at year end, but still stayed well within budgeted amounts. The result is the increase in fund balance of \$ 945,127 for 2006.

**Capital Assets**

The Township does keep track of its capital assets for insurance purposes. The Township has acquired a software package to accomplish this task and anticipates implementation in the near future.

**Current Issues**

The challenge for all Townships 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 local taxes and have very little industry to support the tax base. A forecast through 2011 was created based on revenue remaining level and projected expenditures increasing at the same historical level. There may be a deficit for all funds of \$ 3,000,000 in 2011. The Township elected officials and administrative team will be seeking ways to reduce expenditures without reducing services to the citizens. There has been an ongoing effort by all Township staff for several years to keep costs at a minimum.

Green Township Hamilton County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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**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 Tom Straus, Fiscal Officer, Green Township, 6303 Harrison Avenue, Cincinnati, Ohio 45247.

**Green Township, Hamilton County**  
*Statement of Net Assets-Cash Basis*  
*December 31, 2006*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 10,415,330
<i>Total Assets</i>	<u>10,415,330</u>
<b>Net Assets</b>	
Unrestricted	<u>10,415,330</u>
<i>Total Net Assets</i>	<u>\$ 10,415,330</u>

See accompanying notes to the basic financial statements.

**Green Township, Hamilton 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	Capital Grants and Contributions	
<b>Governmental Activities</b>					
General Government	\$ 3,649,247	\$ -	\$ -	\$ -	\$ 3,649,247
Public Safety	5,717,940	1,436,002	-	-	4,281,938
Public Works	3,483,335	-	61,930	331,893	3,089,512
Health	62,068	-	-	-	62,068
Economic Development	49,673	-	-	-	49,673
Human Services	8,808,705	-	-	-	8,808,705
Conservation-Recreation	915,588	-	-	-	915,588
Capital Outlay	8,715,200	-	-	-	8,715,200
Interest and Fiscal Charges	2,310	-	-	-	2,310
Principal Retirement	33,192	-	-	-	33,192
<i>Total Governmental Activities</i>	31,437,258	1,436,002	61,930	331,893	29,607,433
<b>Total</b>	<u>31,437,258</u>	<u>1,436,002</u>	<u>61,930</u>	<u>331,893</u>	<u>29,607,433</u>

**General Receipts**

Property Taxes Levied for:	
General Purposes	402,588
Special Revenue	7,365,496
Payment in Lieu of Taxes	12,855,391
Grants and Entitlements not Restricted to Specific Programs	5,976,848
Notes Issued	3,835,000
Sale of Capital Assets	5,228
Interest	506,411
Miscellaneous	<u>973,671</u>

*Total General Receipts* 31,920,633

Change in Net Assets 2,313,200

*Net Assets Beginning of Year* 8,102,130

*Net Assets End of Year* \$ 10,415,330

See accompanying notes to the basic financial statements.

**Green Township, Hamilton County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2006*

	<u>General</u>	<u>Tax Increment Fund</u>	<u>Fire Levy</u>	<u>Police Levy</u>	<u>Road and Bridge</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>								
Equity in Pooled Cash and Cash Equivalents	\$ 6,060,689	\$ 2,610,324	\$ 473,893	\$ 73,989	\$ 334,436	\$ 33,000	\$ 828,999	\$ 10,415,330
<i>Total Assets</i>	<u>6,060,689</u>	<u>2,610,324</u>	<u>473,893</u>	<u>73,989</u>	<u>334,436</u>	<u>33,000</u>	<u>828,999</u>	<u>10,415,330</u>
<b>Fund Balances</b>								
Reserved								
Reserved for Encumbrances	158,705	532,362	248,139	-	48,613	-	88,799	1,076,618
Unreserved								
Undesignated, Reported in:								
General Fund	5,901,984	-	-	-	-	-	-	5,901,984
Special Revenue Funds	-	2,077,962	225,754	73,989	285,823	33,000	740,200	9,338,712
<i>Total Fund Balances</i>	<u>\$ 6,060,689</u>	<u>\$ 2,610,324</u>	<u>\$ 473,893</u>	<u>\$ 73,989</u>	<u>\$ 334,436</u>	<u>\$ 33,000</u>	<u>\$ 828,999</u>	<u>\$ 10,415,330</u>

See accompanying notes to the basic financial statements.

**Green Township, Hamilton 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>Tax Increment Fund</u>	<u>Fire Levy</u>	<u>Police Levy</u>	<u>Bond Retirement</u>	<u>Road and Bridge</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>								
Property and Other Local Taxes	\$ 402,588	\$ -	\$ 2,176,476	\$ 563,475	\$ -	\$ 966,079	\$ 3,659,466	\$ 7,768,084
Charges for Services	86,943	-	1,091,470	-	-	-	-	1,178,413
Licenses, Permits and Fees	551,355	-	19,095	-	-	232	6,707	577,389
Fines and Forfeitures	29,694	-	-	-	-	-	2,829	32,523
Intergovernmental	3,377,004	1,420,005	232,820	60,791	-	117,250	1,162,801	6,370,671
Special Assessments	-	-	-	-	-	-	64,219	64,219
Interest	503,372	-	-	-	-	-	3,039	506,411
Other	327,203	142,954	21,888	1,031	-	17,225	46,828	557,129
Payment in Lieu of Taxes	-	12,855,391	-	-	-	-	-	12,855,391
<i>Total receipts</i>	<u>5,278,159</u>	<u>14,418,350</u>	<u>3,541,749</u>	<u>625,297</u>	<u>-</u>	<u>1,100,786</u>	<u>4,945,889</u>	<u>29,910,230</u>
<b>Disbursements</b>								
<b>Current:</b>								
General Government	1,380,385	-	-	-	-	-	2,268,862	3,649,247
Public Safety	1,517,836	-	3,644,493	554,076	-	-	1,535	5,717,940
Public Works	301,446	-	-	-	-	1,030,208	2,151,681	3,483,335
Health	62,068	-	-	-	-	-	-	62,068
Economic Development	-	-	-	-	-	-	49,673	49,673
Payment to Schools	-	8,765,101	-	-	-	-	43,604	8,808,705
Conservation-Recreation	915,588	-	-	-	-	-	-	915,588
Capital Outlay	-	4,581,308	-	-	3,802,000	-	331,892	8,715,200
Debt Service	-	-	-	-	-	-	-	-
Principal Retirement	-	-	-	-	-	-	33,192	33,192
Interest and Fiscal Charges	-	-	-	-	-	-	2,310	2,310
<i>Total Disbursements</i>	<u>4,177,323</u>	<u>13,346,409</u>	<u>3,644,493</u>	<u>554,076</u>	<u>3,802,000</u>	<u>1,030,208</u>	<u>4,882,749</u>	<u>31,437,258</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	1,100,836	1,071,941	(102,744)	71,221	(3,802,000)	70,578	63,140	(1,527,028)
<b>Other Financing Sources</b>								
Sale of Capital Assets	2,996	-	-	-	-	2,232	-	5,228
Notes Issued	-	-	-	-	3,835,000	-	-	3,835,000
<i>Total Other Financing Sources (Uses)</i>	<u>2,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,835,000</u>	<u>2,232</u>	<u>-</u>	<u>3,840,228</u>
<i>Net Change in Fund Balances</i>	1,103,832	1,071,941	(102,744)	71,221	33,000	72,810	63,140	2,313,200
<i>Fund Balances Beginning of Year</i>	<u>4,956,857</u>	<u>1,538,383</u>	<u>576,637</u>	<u>2,768</u>	<u>-</u>	<u>261,626</u>	<u>765,859</u>	<u>8,102,130</u>
<i>Fund Balances End of Year</i>	<u>\$ 6,060,689</u>	<u>\$ 2,610,324</u>	<u>\$ 473,893</u>	<u>\$ 73,989</u>	<u>\$ 33,000</u>	<u>\$ 334,436</u>	<u>\$ 828,999</u>	<u>\$ 10,415,330</u>

See accompanying notes to the basic financial statements.

**Green Township, Hamilton 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>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 286,002	\$ 402,712	\$ 402,588	\$ (124)
Charges for Services	80,000	80,000	86,943	6,943
Licenses, Permits and Fees	506,060	551,402	551,355	(47)
Fines and Forfeitures	30,800	28,979	29,694	715
Intergovernmental	3,141,103	3,146,086	3,377,004	230,918
Interest	225,000	467,783	503,372	35,589
Other	367,300	355,160	327,203	(27,957)
<i>Total receipts</i>	4,636,265	5,032,122	5,278,159	246,037
<b>Disbursements</b>				
Current:				
General Government	1,436,426	1,743,175	1,420,189	322,986
Public Safety	2,231,132	1,798,121	1,609,301	188,820
Public Works	345,908	345,908	301,446	44,462
Health	64,000	64,000	62,068	1,932
Conservation-Recreation	1,314,429	1,215,632	943,024	272,608
<i>Total Disbursements</i>	5,391,895	5,166,836	4,336,028	830,808
<i>Excess of Receipts Over (Under) Disbursements</i>	(755,630)	(134,714)	942,131	1,076,845
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	-	-	2,996	2,996
<i>Total Other Financing Sources (Uses)</i>	-	-	2,996	2,996
<i>Net Change in Fund Balance</i>	(755,630)	(134,714)	945,127	1,079,841
<i>Fund Balance Beginning of Year</i>	4,956,857	4,956,857	4,956,857	-
<i>Fund Balance End of Year</i>	<u>\$ 4,201,227</u>	<u>\$ 4,822,143</u>	<u>\$ 5,901,984</u>	<u>\$ 1,079,841</u>

See accompanying notes to the basic financial statements.

**Green Township, Hamilton County**  
*Statement of Receipts, Disbursements and Changes*  
*in Fund Balance-Budget and Actual-Budget Basis-TIF Fund*  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$ 1,321,000	\$ 1,354,233	\$ 1,420,005	\$ 65,772
Payment in Lieu of Taxes	12,816,000	12,855,391	12,855,391	-
Other	-	163,370	142,954	(20,416)
<i>Total receipts</i>	14,137,000	14,372,994	14,418,350	45,356
<b>Disbursements</b>				
Current:				
General Government	5,558,829	6,095,144	5,876,905	218,239
Payment to schools/Other	8,001,866	8,001,866	8,001,866	-
<i>Total Disbursements</i>	13,560,695	14,097,010	13,878,771	218,239
<i>Excess of Receipts Over (Under) Disbursements</i>	576,305	275,984	539,579	263,595
<i>Net Change in Fund Balance</i>	576,305	275,984	539,579	263,595
<i>Fund Balance Beginning of Year</i>	1,538,383	1,538,383	1,538,383	-
<i>Fund Balance End of Year</i>	<u>\$ 2,114,688</u>	<u>\$ 1,814,367</u>	<u>\$ 2,077,962</u>	<u>\$ 263,595</u>

See accompanying notes to the basic financial statements

**Green Township, Hamilton County**  
*Statement of Receipts, Disbursements and Changes*  
*in Fund Balance-Budget and Actual-Budget Basis-Fire Levy*  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 2,103,965	\$ 2,158,326	\$ 2,176,476	\$ 18,150
Charges for Services	700,000	1,000,000	1,091,470	91,470
Licenses, Permits and Fees	14,000	18,394	19,095	701
Intergovernmental	240,000	233,000	232,820	(180)
Other	19,550	19,530	21,888	2,358
<i>Total receipts</i>	3,077,515	3,429,250	3,541,749	112,499
<b>Disbursements</b>				
Current:				
Public Safety	3,441,758	3,917,054	3,892,632	24,422
<i>Total Disbursements</i>	3,441,758	3,917,054	3,892,632	24,422
<i>Excess of Receipts Over (Under) Disbursements</i>	(364,243)	(487,804)	(350,883)	136,921
<i>Net Change in Fund Balance</i>	(364,243)	(487,804)	(350,883)	136,921
<i>Fund Balance Beginning of Year</i>	576,637	576,637	576,637	-
<i>Fund Balance End of Year</i>	<u>\$ 212,394</u>	<u>\$ 88,833</u>	<u>\$ 225,754</u>	<u>\$ 136,921</u>

See accompanying notes to the basic financial statements.

**Green Township, Hamilton County**  
*Statement of Receipts, Disbursements and Changes*  
*in Fund Balance-Budget and Actual-Budget Basis-Police Levy*  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 565,005	\$ 557,057	\$ 563,475	\$ 6,418
Intergovernmental	66,000	60,800	60,791	(9)
Other	-	-	1,031	1,031
<i>Total receipts</i>	631,005	617,857	625,297	7,440
<b>Disbursements</b>				
Current:				
Public Safety	631,000	617,000	554,076	62,924
<i>Total Disbursements</i>	631,000	617,000	554,076	62,924
<i>Excess of Receipts Over (Under) Disbursements</i>	5	857	71,221	70,364
<i>Net Change in Fund Balance</i>	5	857	71,221	70,364
<i>Fund Balance Beginning of Year</i>	2,768	2,768	2,768	
<i>Fund Balance End of Year</i>	<u>\$ 2,773</u>	<u>\$ 3,625</u>	<u>\$ 73,989</u>	<u>\$ 70,364</u>

See accompanying notes to the basic financial statements.

**Green Township, Hamilton County**  
*Statement of Receipts, Disbursements and Changes*  
*in Fund Balance-Budget and Actual-Budget Basis-Road and Bridge*  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 960,006	\$ 960,669	\$ 966,079	\$ 5,410
Licenses, Permits and Fees	430	280	232	(48)
Intergovernmental	110,000	110,250	117,250	7,000
Other	12,000	14,000	17,225	3,225
<i>Total receipts</i>	1,082,436	1,085,199	1,100,786	15,587
<b>Disbursements</b>				
Current:				
Public Works	1,226,363	1,226,363	1,078,821	147,542
<i>Total Disbursements</i>	1,226,363	1,226,363	1,078,821	147,542
<i>Excess of Receipts Over (Under) Disbursements</i>	(143,927)	(141,164)	21,965	163,129
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	300	50	2,232	2,182
<i>Total Other Financing Sources (Uses)</i>	300	50	2,232	2,182
<i>Net Change in Fund Balance</i>	(143,627)	(141,114)	24,197	165,311
<i>Fund Balance Beginning of Year</i>	261,626	261,626	261,626	
<i>Fund Balance End of Year</i>	<u>\$ 117,999</u>	<u>\$ 120,512</u>	<u>\$ 285,823</u>	<u>\$ 165,311</u>

See accompanying notes to the basic financial statements.

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**Note 1 – Reporting Entity**

Green Township, Hamilton County, Ohio (the Township), is a body politic and corporate established in 1809 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 three-member Board of Trustees, each of whom is elected for overlapping terms of four years. The Township has an elected Township Fiscal Officer and a Township Administrator who is appointed by the Board of Trustees. All Department Heads report to the Township Administrator.

The reporting entity is comprised solely of the primary government.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. For the Township this includes providing police protection, fire and emergency medical services, road maintenance and repairs, parks and recreation, planning, zoning, and economic development. The Board of Trustees and Township Administrator have direct responsibility for these activities.

**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.

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

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

As discussed further in Note 2.C, these financial statements are presented on 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, (GAAP), 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. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of

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

accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

**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.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Green Township has no business type activities.

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 funds. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

**Fund Financial Statements**

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

**B. Fund Accounting**

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

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's major funds are the General Fund, Tax Increment Financing (TIF) Fund, Fire Levy Fund, Police Levy Fund, Road and Bridge Levy Fund, and Bond Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

The Township has no proprietary or agency types of funds.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is received rather than when a liability is incurred.

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

D. Budgetary Process

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

The appropriations ordinance, certified by the county auditor, is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for the general fund. All other funds are established at the department 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

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

estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

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

**E. Cash and Investments**

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

Investments of the cash management pool are presented on the financial statements as cash equivalents. Investments are included in “Equity in Pooled Cash and Equivalents”. Accordingly, purchase 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 nonnegotiable certificates of deposit, U.S. Treasury and Agency Securities, a money market fund, and STAR Ohio. The nonnegotiable certificates of deposit and the U.S. Treasury and Agency Securities are reported at cost. The Township’s money market fund investment is recorded at the amount reported by Fifth Third Bank on December 31, 2006.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2006.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was \$ 503,373 and \$ 3,038 assigned to other Township funds.

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

**F. Inventory and Prepaid Items**

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

**G. Capital Assets**

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

**H. Inter-fund Receivables/Payables**

The Township reports advances-in and advances-out for inter-fund loans. The Township had not inter-fund loans in 2006. These items are not reflected as assets and liabilities in the accompanying financial statements.

**I. Accumulated Leave**

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.

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

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

**K. Long-Term Obligations**

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

**L. 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.

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.

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

**M. 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.

**N. Inter-fund 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 inter-fund transfers. Inter-fund 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. The Township had no inter-fund transfers.

**O. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. In 2006 The Township purchased property for future park development.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is 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 \$ 158,705 for the general fund.

**Note 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 withdraw 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

**Note 4 – Deposits and Investments (continuing)**

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 investments (1) or (2) and repurchase agreements secured by such obligations, provided that investment in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAR Ohio).
8. Commercial paper and bankers acceptances, with appropriate limitations based on completion of ORC training requirements.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool

**Note 4 – Deposits and Investments (continuing)**

established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

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

**Investments**

As of December 31, 2006, the Township had the following investments;

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Maturity (in Years)</u>	
		<u>Less than 1</u>	<u>1 – 2</u>
US Treasury & Agency Securities	\$ 9,701,796	\$ 6,268,034	\$ 3,433,761
Money Market	30,786	30,786	
Investment Account	552,899	552,899	
STAR Ohio	<u>4,836</u>	<u>4,836</u>	<u>          </u>
<b>Total Investments</b>	<b>\$10,290,317</b>	<b>\$ 6,856,555</b>	<b>\$ 3,433,761</b>

At year end 2006, 95% of the Township's investments are in government sponsored enterprise notes (i.e., federal agencies) that are subject to concentration of credit risk.

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, \$ 10,315,330 of the Township's bank balance of \$ 10,415,330 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.

**Note 4 – Deposits and Investments (continuing)**

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

**Note 5 – Property Taxes**

Property Taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real Property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 256 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 21. Single county taxpayers may pay annually or semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2006, was \$ 9.81 per \$ 1,000 for assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were bases are as follows:

Real Property – Residential, Agricultural and Other	\$ 1,042,289,500
Personal Property	17,340,000
Public Utility (Personal Property)	<u>36,029,000</u>
Total Valuation	\$ 1,095,658,500

**Note 5 – Property Taxes (continued)**

Real property Taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

**Note 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.

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

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.

During 2006 the Township contracted with Cincinnati Insurance Company. Cincinnati Insurance Company provides property and casualty coverage. Coverage is provided by National Union Fire Insurance Company for liability. Scottsdale Indemnity Company holds the liability coverage for the Law Enforcement Operations.

Legal Liability	\$ 3,000,000	Per Occurrence
Automobile Liability	1,000,000	Per Occurrence
Law Enforcement Operations	3,000,000	Per Occurrence
Wrongful Acts	50,000	Per Occurrence
Property	13,834,086	Total Coverage
Boiler and Machinery	1,898,223	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 elected to provide employee medical/surgical benefits through Anthem Blue Cross/Blue Shield. Employees contribute 10% of the monthly premium cost with the Township paying 90%. The premiums vary with the employee depending on type of coverage selected (single, family). The Township provides dental insurance to all employees as a function of this health care plan, through Dental Care Plus. Again employees share 10% of the cost of the monthly premium with the Township paying 90%. The Township provides life insurance at no cost to the employee and provides a benefit of \$15,000 for each employee.

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

For the year ended December 31, 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 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2006 was 13.70 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 16.93 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004, were \$ 759,927 \$ 441,849, and \$ 581,666, respectively. The full amount has been contributed for 2006, 2005, and 2004. Contributions to the member-directed plan for 2006 were \$ 759,927 made by the Township and \$ 345,071 made by the plan members.

**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

**Note 7 – Defined Benefit Pension Plan (continued)**

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 24.00 percent for firefighters. Contributions are authorized by State statute. The Township's contributions to the Fund for firefighters was \$608,105 for the year ended December 31, 2006, \$ 584,576 and \$ 570,188 for the year ended December 31, 2005 and for the year ended December 31, 2004. The full amount has been contributed for 2006, 2005 and 2004.

**Note 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 (16.93 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 15.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 6.50 and 11.00 percent annually from 2003 thru 2011 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

**Note 8 – Post-Employment Benefits (continued)**

\$ 381,413 at the end of 2005. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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

**B. Ohio Police and Fire Pension Fund**

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

The health care coverage provided by the retirement system is considered an Other 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.

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 2004 and 2003. 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 were \$584,576 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005 (the latest information available) was \$163,311,330, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,995 for police and 10,609 for firefighters.

Green Township  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

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**Note 9 – Debt**

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

Note	Interest Rate	Balance December 31, 2005	Addition	Reduction	Balance December 31, 2006	Due Within One Year
	4.64	66,384		35,502	33,192	33,962

This note originated in 1998 for the purchase of a Fire Engine. The note will be paid in full in 2007.

Bond Anticipation Notes

4/24/06 issued	4.09%	\$ 0	\$2,027,000	\$ 0	\$ 2,109,904
6/22/06 issued	4.32%	0	1,808,000	0	1,886,106

Total Notes \$3,835,000      \$ 0      \$3,996,010

These notes were used to purchase park property for future development. All note proceeds had been spent at December 31, 2006. The bond anticipation notes are backed by the full faith and credit of the Township and mature within one year.

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2006, were an overall debt margin of \$ 6,026,000 and an unvoted debt margin of \$ 12,052,000.

**Note 10 – Contingent Liabilities**

A. Litigation

Green Township is a party to legal proceedings seeking damages. The Township management is of the opinion that the ultimate disposition of the various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Township.

**Note 11 – Subsequent Events**

In 2007, Green Township entered into a JEDD agreement with City of Cheviot which may generate additional revenue of approximately \$400,000 in 2010, through payroll taxes generated by a new commercial development located in Green Township.

The Township borrowed \$ 3,835,000 to repay bond anticipation notes due in April 2007 through the TIF fund. This bond anticipation note is due in April 2008 and will be repaid with TIF revenue or another bond issue.

Legal proceedings are still pending, with the expectation that the disposition of the claims and

**Note 11 – Subsequent Events (continued)**

legal proceedings will not have material effect on the financial condition of the Township.

**Note 12 – Compliance**

In the year 2006, contrary to ORC 5705.36(A)(4), actual receipts were below estimated receipts and the deficiency reduced available resources below the current level of appropriations in the State Capital Improvement Program Fund (SCIP) fund and in the Street Levy Fund.

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Green Township  
Hamilton County  
6303 Harrison Avenue  
Cincinnati, Ohio 45247

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 Green Township, Hamilton County, Ohio, as of December 31, 2005, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, Tax Increment Financing Fund, Fire Levy Fund, Police Levy Fund, and Road and Bridge Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 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

February 26, 2008

Green Township Hamilton County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

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

### **Highlights**

Key highlights for 2005 are as follows:

Net assets of governmental activities decreased \$629,682 or 7.2 percent, a significant change from the prior year. The fund most affected by the decrease was the Tax Incremental Financing Fund (TIF). The fund balance was reduced by \$ 961,407. This was the result of the purchase of property for park lands during 2005.

The Township's general receipts are primarily property taxes. These receipts represent 23 percent of the total cash received for governmental activities during the year. Property tax receipts for 2005 changed very little compared to 2004 for all funds except TIF. The TIF fund received \$ 1,917,692 more in property tax monies than in 2004.

### **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 Government as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activity of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. 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 activity draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, all activity is accounted for as governmental activity:

**Governmental Activities.** All of the Township's basic services are reported here, including police, fire, streets and parks. Property Taxes and State and federal grants finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

### **Reporting the Government's Most Significant Funds**

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

Green Township Hamilton County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

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Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds include the General Fund, Tax Incremental Fund (TIF), Fire Levy Funds, Police Levy Funds, and the Road and Bridge Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**General Fund** The general fund accounts 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.

**Tax Increment Financing Fund (TIF)** The tax increment financing special revenue fund accounts for payments received in lieu of taxes on property located within Green Township designated as a TIF parcel.

**Fire Fund** The fire special revenue fund accounts for tax revenues levied for the operations of the Township Fire Department.

**Police Fund** The police special revenue fund accounts for tax revenues levied for the operation of the Township Police Department.

**Road and Bridge Fund** The road and bridge special revenue fund accounts for tax revenues levied for the operations of the Township Public Works Department.

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

Green Township Hamilton County  
 Management's Discussion and Analysis  
 For the Year Ended December 31, 2005  
 Unaudited

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**The Township as a Whole**

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

(Table 1)  
**Net Assets**

	Governmental Activities	
	2005	2004
<b>Assets</b>		
Cash and Cash Equivalents	\$ 8,102,130	\$ 8,731,812
Total Assets	\$8,102,130	\$ 8,731,812
<b>Net Assets</b>		
Restricted for:		
Unrestricted	8,102,130	8,731,812
Total Net Assets	\$8,102,130	\$8,731,812

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As mentioned previously, net assets of governmental activities decreased \$ 629,682 or 7.2 percent during 2005. The primary reason contributing to the decrease in cash balances is as follows:

- The Tax Incremental Financing (TIF) Fund increased in revenue by \$1,917,682, while the expenditures increased by \$2,604,833 from 2004 to 2005. The Township purchased park land in 2005 at a total cost of \$ 2,195,152.

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

Green Township Hamilton County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

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

	Governmental Activities <u>2005</u>
<b>Receipts:</b>	
Program Receipts	
Charges for Services	\$ 920,329
Operating Grants	293,414
Capital Grants	90,830
Total Program Receipts	\$ 1,304,573
<b>General Receipts:</b>	
Property & Other Local Taxes	\$ 5,986,656
Payments in Lieu of Taxes	10,981,730
Grants and Entitlements not Restricted	5,621,059
Interest	275,958
Sale of Capital Assets	6,171
Miscellaneous	1,365,437
Total General Receipts	\$ 24,237,011
<b>Total Receipts</b>	<b>\$ 25,541,584</b>
<b>Disbursements:</b>	
General Government	5,740,373
Public Safety	5,906,938
Public Works	3,095,754
Public Health	61,209
Purchase of Land	2,195,152
Human Services	48,678
Conservation-Recreation	557,209
Payments to Schools	7,627,980
Other	53,052
Capital Outlay	847,879
Debt Service Principal	33,192
Debt Service Interest	3,850
<b>Total Disbursements</b>	<b>\$ 26,171,266</b>
Excess	(629,682)
Net Assets, January 1, 2005	\$ 8,731,812
<b>Net Assets, December 31, 2005</b>	<b><u>\$ 8,102,130</u></b>

Of the general receipts, 23.4 percent of the Township's total receipts are received through local taxes and the Payments in Lieu of Taxes are receipts representing the schools share of taxes for

Green Township Hamilton County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

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the TIF fund and equal 43 percent, Intergovernmental Receipts 23.5 percent, Interest Revenue accounts for approximately 1 percent, Charges for Services equals 3.7 percent, Licenses and Fees equal 2.2 percent, and other revenue and miscellaneous represents 5.3% percent.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for other Township activities. Also included are the costs of the administrator, department heads, elected officials, as well as internal services, such as payroll, accounts payable and receivable, and purchasing. The TIF expenses are also represented in payments to schools and capital outlay.

Public Safety includes the costs of police and fire protection; Public Health is the health services provided by the county; Conservation-Recreation Activities are the costs of maintaining the parks and playing fields, the senior center, and the lodge (a meeting facility); Public Works is the cost of maintaining the roads; and Capital Outlay is the cost for purchases of capital assets.

### **Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General Government, Public Safety, and Public Works, which account for 19, 23, and 12 percent of all governmental disbursements, respectively. 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.

The dependence upon property tax receipts is apparent as you review the Statement of Activities, in that over 65% of governmental activities are supported by property taxes.

### **The Township's Funds**

The Township governmental funds had receipts of \$25,535,413 and disbursements of \$26,171,266. The greatest change within governmental funds occurred within the Tax Incremental Financing Fund (TIF). The fund balance of the TIF fund decreased \$ 961,407 from 2004 to 2005 as the result of increased costs for the purchase of property for park purposes.

General Fund receipts were less than disbursements by \$67,045 indicating, the General Fund is in a deficit spending situation. This was a reduction from the previous year and was accomplished by the elected officials and the administrative team purchasing items at the lowest cost and purchasing only items that were necessary to continue to provide good quality services to the community. These reductions did not eliminate the need for additional funds. The Township did pass a levy for 1.5 mills for safety services in November of 2004, and will begin

Green Township Hamilton County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

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property tax collections in 2006 resulting in increased revenue and reducing the burden on the general fund.

### **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 several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to unexpected growth in tax receipts and intergovernmental receipts. The difference between final budgeted receipts and actual receipts was \$ 265,246 due to greater inheritance tax payments than expected at year end.

Final disbursements were budgeted at \$ 5,855,155 while actual disbursements were \$ 4,972,046. The Township had \$332,116 in outstanding purchase orders at year end, but still stayed well within budgeted amounts. The result is the decrease in fund balance of \$ 67,045 for 2005.

### **Capital Assets**

#### Capital Assets

The Township does keep track of its capital assets for insurance purposes. The Township has acquired a software package to accomplish this task and anticipates implementation in the near future.

### **Current Issues**

The challenge for all Townships 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 local taxes and have very little industry to support the tax base. A forecast through 2011 was created based on revenue remaining level and projected expenditures increasing at the same historical level. The result of this forecast indicates there may be a deficit for all funds of \$ 3,000,000 in 2011. The Township elected officials and administrative team will be seeking ways to reduce expenditures without reducing services to the citizens. There has been an ongoing effort by all Township staff for several years to keep costs at a minimum.

### **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 Tom Straus, Fiscal Officer, Green Township, 6303 Harrison Avenue, Cincinnati, Ohio 45247.

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**Green Township, Hamilton County**  
*Statement of Net Assets- Cash Basis*  
*December 31, 2005*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 8,102,130
Investments	-
<i>Total Assets</i>	<u>8,102,130</u>
 <b>Net Assets</b>	
Unrestricted	8,102,130
 <i>Total Net Assets</i>	 <u>\$ 8,102,130</u>

See accompanying notes to the basic financial statements.

**Green Township, Hamilton County**  
*Statement of Activities- Cash Basis*  
For the Year Ended December 31, 2005

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash <u>Disbursements</u>	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
General Government	\$ 5,740,373	\$ -	\$ -	\$ -	\$ 5,740,373
Public Safety	5,906,938	1,499,161	-	-	4,407,777
Public Works	3,095,754	-	293,414	90,830	2,711,510
Health	61,209	-	-	-	61,209
Purchase of Land	2,195,152	-	-	-	2,195,152
Payments to Schools	7,627,980	-	-	-	7,627,980
Human Services	48,678	-	-	-	48,678
Conservation-Recreation	557,209	-	-	-	557,209
Capital Outlay	847,879	-	-	-	847,879
Debt Service	37,042	-	-	-	37,042
Other	53,052	-	-	-	53,052
<b>Total Governmental Activities</b>	<b>\$ 26,171,266</b>	<b>\$ 1,499,161</b>	<b>\$ 293,414</b>	<b>\$ 90,830</b>	<b>\$ 24,287,861</b>

**General Receipts**

Property Taxes Levied for:	
General Purposes	\$ 292,890
Special Revenue	5,693,766
Payments in lieu of taxes	10,981,730
Grants and Entitlements not Restricted to Specific Programs	5,621,059
Sale of Capital Assets	6,171
Interest	275,958
Miscellaneous	786,605

*Total General Receipts* 23,658,179

Change in Net Assets (629,682)

*Net Assets Beginning of Year* 8,731,812

*Net Assets End of Year* \$ 8,102,130

See accompanying notes to the basic financial statements.

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

	<u>General</u>	<u>Tax Increment Fund</u>	<u>Fire Levy</u>	<u>Police Levy</u>	<u>Road and Bridge</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 4,956,857	\$ 1,538,383	\$ 576,637	\$ 2,768	\$ 261,626	\$ 765,859	\$ 8,102,130
<i>Total Assets</i>	<u>4,956,857</u>	<u>1,538,383</u>	<u>576,637</u>	<u>2,768</u>	<u>261,626</u>	<u>765,859</u>	<u>8,102,130</u>
<b>Fund Balances</b>							
Reserved							
Reserved for Encumbrances	332,115	1,407,395	176,920	-	116,566	98,492	2,131,488
Unreserved							
Undesignated, Reported in:							
General Fund	4,624,742	-	-	-	-	-	4,624,742
Special Revenue Funds	-	130,988	399,717	2,768	145,060	667,367	1,345,900
<i>Total Fund Balances</i>	<u>\$ 4,956,857</u>	<u>\$ 1,538,383</u>	<u>\$ 576,637</u>	<u>\$ 2,768</u>	<u>\$ 261,626</u>	<u>\$ 765,859</u>	<u>\$ 8,102,130</u>

See accompanying notes to the basic financial statements.

**Green Township, Hamilton County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For The Year Ended December 31, 2005*

	<u>General</u>	<u>Tax Increment Fund</u>	<u>Fire Levy</u>	<u>Police Levy</u>	<u>Road and Bridge</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>							
Property and Other Local Taxes	\$ 292,890	\$ -	\$ 2,139,875	\$ 554,244	\$ 844,056	\$ 2,155,591	\$ 5,986,656
Charges for Services	101,967	0	859,389	0	0	0	961,356
Licenses, Permits and Fees	523,310	0	17,406	0	580	10,956	552,252
Fines and Forfeitures	30,685	0	0	0	0	2,367	33,052
Intergovernmental	3,271,665	1,393,307	255,391	66,382	109,368	909,190	6,005,303
Special Assessments	0	0	0	0	0	60,940	60,940
Interest	274,302	0	0	0	0	1,656	275,958
Other	404,010	0	32,728	0	17,019	224,409	678,166
Payment in Lieu of Taxes	0	10,981,730	0	0	0	0	10,981,730
<i>Total receipts</i>	4,898,829	12,375,037	3,304,789	620,626	971,023	3,365,109	25,535,413
<b>Disbursements</b>							
Current:							
General Government	1,969,972	3,057,055	0	0		713,346	5,740,373
Public Safety	2,209,291	0	3,068,230	627,961		1,456	5,906,938
Public Works	160,568	0	0	0	871,580	2,063,606	3,095,754
Health	61,209	0	0	0		0	61,209
Purchase of Land	0	2,195,152	0	0		0	2,195,152
Human Services	0	0	0	0		48,678	48,678
Conservation-Recreation	557,209	0	0	0		0	557,209
Payments to schools	0	7,627,980	0	0		0	7,627,980
Other	0	0	0	0	0	53,052	53,052
Capital Outlay	13,796	456,257	0	0	15,376	362,450	847,879
Debt Service							
Principal Retirement	0	0	0	0	0	33,192	33,192
Interest and Fiscal Charges	0	0	0	0	0	3,850	3,850
<i>Total Disbursements</i>	4,972,045	13,336,444	3,068,230	627,961	886,956	3,279,630	26,171,266
<i>Excess of Receipts Over (Under) Disbursements</i>	(73,216)	(961,407)	236,559	(7,335)	84,067	85,479	(635,853)
<b>Other Financing Sources</b>							
Other Financing Sources	6,171	0	0	0	0	0	6,171
<i>Total Other Financing Sources</i>	6,171	0	0	0	0	0	6,171
<i>Net Change in Fund Balances</i>	(67,045)	(961,407)	236,559	(7,335)	84,067	85,479	(629,682)
<i>Fund Balances Beginning of Year</i>	5,023,902	2,499,790	340,078	10,103	177,559	680,380	8,731,812
<i>Fund Balances End of Year</i>	<u>\$ 4,956,857</u>	<u>\$ 1,538,383</u>	<u>\$ 576,637</u>	<u>\$ 2,768</u>	<u>\$ 261,626</u>	<u>\$ 765,859</u>	<u>\$ 8,102,130</u>

See accompanying notes to the basic financial statements.

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 284,002	\$ 291,204	\$ 292,890	\$ 1,686
Charges for Services	80,000	91,045	101,967	10,922
Licenses, Permits and Fees	506,060	522,419	523,310	891
Fines and Forfeitures	30,700	28,378	30,685	2,307
Intergovernmental	3,108,400	3,389,293	3,271,665	(117,628)
Special Assessments	-	-	-	-
Interest	225,000	255,525	274,302	18,777
Other	105,650	50,867	404,010	353,143
<i>Total receipts</i>	4,339,812	4,628,731	4,898,829	270,098
<b>Disbursements</b>				
Current:				
General Government	2,457,918	2,424,811	2,228,134	196,677
Public Safety	1,031,071	2,393,200	2,225,865	167,335
Public Works	279,288	287,788	166,532	121,256
Health	62,000	61,600	61,209	391
Economic Development	-	-	-	-
Human Services	-	-	-	-
Conservation-Recreation	673,750	671,766	603,294	68,472
Other	-	-	-	-
Capital Outlay	33,350	28,345	19,128	9,217
Debt Service				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<i>Total Disbursements</i>	4,537,377	5,867,510	5,304,162	563,348
<i>Excess of Receipts Over (Under) Disbursements</i>	(197,565)	(1,238,779)	(405,333)	833,446
<b>Other Financing Sources</b>				
Other Financing Sources	-	-	6,171	6,171
<i>Total Other Financing Sources</i>	-	-	6,171	6,171
<i>Net Change in Fund Balance</i>	(197,565)	(1,238,779)	(399,162)	839,617
<i>Fund Balance Beginning of Year</i>	5,027,992	5,027,992	5,023,902	(4,090)
<i>Fund Balance End of Year</i>	<u>\$ 4,830,427</u>	<u>\$ 3,789,213</u>	<u>\$ 4,624,740</u>	<u>\$ 835,528</u>

See accompanying notes to the basic financial statements.

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Payment in Lieu of Taxes	\$ 11,170,000	\$ 10,981,730	\$ 10,981,730	\$ -
Intergovernmental	1,391,000	1,393,307	1,393,307	0
<i>Total receipts</i>	12,561,000	12,375,037	12,375,037	0
<b>Disbursements</b>				
Current:				
General Government	5,829,668	4,252,367	3,526,187	726,180
Purchase of Land	2,195,152	2,351,522	2,664,284	(312,762)
Payments to schools/Other	6,610,000	7,785,696	8,097,112	(311,416)
Capital Outlay	456,257	456,257	456,256	1
<i>Total Disbursements</i>	15,091,077	14,845,842	14,743,839	102,003
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,530,077)	(2,470,805)	(2,368,802)	102,003
<i>Net Change in Fund Balance</i>	(2,530,077)	(2,470,805)	(2,368,802)	102,003
<i>Fund Balance Beginning of Year</i>	2,499,790	2,499,790	2,499,790	-
<i>Fund Balance End of Year</i>	<u>\$ (30,287)</u>	<u>\$ 28,985</u>	<u>\$ 130,988</u>	<u>\$ 102,003</u>

See accompanying notes to the basic financial statements.

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 2,130,015	\$ 2,130,468	\$ 2,139,875	\$ 9,407
Charges for Services	700,000	800,000	859,389	59,389
Licenses, Permits and Fees	14,000	15,956	17,406	1,450
Intergovernmental	250,000	255,391	255,391	-
Other	3,000	32,730	32,728	(2)
<i>Total receipts</i>	3,097,015	3,234,545	3,304,789	70,244
<b>Disbursements</b>				
Current:				
Public Safety	2,918,014	3,255,720	3,245,150	10,570
<i>Total Disbursements</i>	2,918,014	3,255,720	3,245,150	10,570
<i>Excess of Receipts Over (Under) Disbursements</i>	179,001	(21,175)	59,639	80,814
<i>Net Change in Fund Balance</i>	179,001	(21,175)	59,639	80,814
<i>Fund Balance Beginning of Year</i>	340,078	340,078	340,078	-
<i>Fund Balance End of Year</i>	<u>\$ 519,079</u>	<u>\$ 318,903</u>	<u>\$ 399,717</u>	<u>\$ 80,814</u>

See accompanying notes to the basic financial statements.

**Green Township, Hamilton County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance- Budget and Actual- Budget Basis*  
*Police Levy*  
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 550,005	\$ 551,936	\$ 554,244	\$ 2,308
Intergovernmental	68,000	66,382	66,382	-
<i>Total receipts</i>	618,005	618,318	620,626	2,308
<b>Disbursements</b>				
Current:				
Public Safety	628,108	628,108	627,961	147
<i>Total Disbursements</i>	628,108	628,108	627,961	147
<i>Excess of Receipts Over (Under) Disbursements</i>	(10,103)	(9,790)	(7,335)	2,455
<i>Net Change in Fund Balance</i>	(10,103)	(9,790)	(7,335)	2,455
<i>Fund Balance Beginning of Year</i>	10,103	10,103	10,103	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ 313</u>	<u>\$ 2,768</u>	<u>\$ 2,455</u>

See accompanying notes to the basic financial statements.

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 835,006	\$ 840,387	\$ 844,056	\$ 3,669
Licenses, Permits and Fees	430	560	580	20
Intergovernmental	130,000	109,368	109,368	-
Other	4,300	5,800	17,019	11,219
<i>Total receipts</i>	969,736	956,115	971,023	14,908
<b>Disbursements</b>				
Current:				
Public Works	1,056,826	1,057,371	988,146	69,225
Capital Outlay	16,250	20,750	15,376	5,374
<i>Total Disbursements</i>	1,073,076	1,078,121	1,003,522	74,599
<i>Excess of Receipts Over (Under) Disbursements</i>	(103,340)	(122,006)	(32,499)	89,507
<i>Net Change in Fund Balance</i>	(103,340)	(122,006)	(32,499)	89,507
<i>Fund Balance Beginning of Year</i>	177,559	177,559	177,559	-
 <i>Fund Balance End of Year</i>	 <u>\$ 74,219</u>	 <u>\$ 55,553</u>	 <u>\$ 145,060</u>	 <u>\$ 89,507</u>

See accompanying notes to the basic financial statements.

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Green Township  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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**Note 1 – Reporting Entity**

Green Township, Hamilton County, Ohio (the Township), is a body politic and corporate established in 1809 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, each of whom is elected for overlapping terms of four years. The Township has an elected Township Fiscal Officer and a Township Administrator who is appointed by the Board of Trustees. All Department Heads report to the Township Administrator.

The reporting entity is comprised solely of the primary government.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, which includes police protection, fire and emergency medical services, road maintenance and repairs, parks and recreations, planning, zoning, and development. The Board of Trustees and the Township have direct responsibility for these activities.

**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, in 2005.

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

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

As discussed further in Note 2.C, these financial statements are presented on 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, (GAAP), 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. In the government-wide financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before

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

November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Green Township has no business type activities.

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 funds. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

**Fund Financial Statements**

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

Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

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

**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. The funds of the Township are all considered governmental.

**Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's major funds are General, Tax Increment Financing (TIF), Fire Levy, Police Levy, and Road and Bridge Levy. 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.

The Township has no Proprietary Funds or Agency Funds.

**C. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

**D. Budgetary Process**

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

The appropriations ordinance, certified by the county auditor, is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control

Green Township  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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

selected by the Township. The legal level of control has been established at the fund, department, and object level for the general fund. All other funds are established at the department 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 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 are presented on the financial statements as cash equivalents. Investments are included in “Equity in Pooled Cash and Equivalents”. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2005, the Township invested in nonnegotiable certificates of deposit, U.S. Agency Notes, U.S. Treasury Bills, a money market fund, and STAR Ohio. The nonnegotiable certificates of deposit and the U.S. Treasury Agency Notes are reported at cost. The Township’s money market fund investment is recorded at the amount reported by Fifth Third Bank on December 31, 2005.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2005.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was

Green Township  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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

\$ 274,302 and \$ 1,656 assigned to other Township funds.

**F. Inventory and Prepaid Items**

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

**G. Capital Assets**

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

**H. Interfund Receivables/Payables**

The Township reports advances-in and advances-out for interfund loans. There were no interfund loans in 2005. These items are not reflected as assets and liabilities in the accompanying financial statements.

**I. Accumulated Leave**

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.

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

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

**K. Long-Term Obligations**

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

**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 road maintenance, and police and fire protection.

The Township's policy is to first apply restricted resources when an obligation is incurred for

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

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. The Township had no interfund transfers.

**P. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. In 2005, the Township purchased property for future park development.

**Note 3 – Change in Basis of Accounting and Restatement of Fund Equity**

In 2004, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is 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 \$ 332,115 for the general fund.

**Note 5 – Deposits and Investments**

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

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

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

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

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

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

1. United States Agency Notes, 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;

Green Township  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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

7. The State Treasurer’s investment pool (STAR Ohio).

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

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 is also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

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

As of December 31, 2005, the Township had the following investments;

<u>Type of Investment</u>	<u>Carrying Value</u>	<u>Maturity (in Years)</u>	
		<u>Less than 1</u>	<u>1 – 2</u>
US Treasury & Agency Securities	\$ 7,573,904	\$ 4,484,221	\$ 3,089,683
Fifth Third Money Market	8,744	8,744	
Fifth Third Investment Account	529,047	529,047	
Star Ohio	<u>4,611</u>	<u>4,611</u>	<u>          </u>
<b>Total Investments</b>	<b>\$ 8,116,306</b>	<b>\$ 5,026,623</b>	<b>\$ 3,089,683</b>

At year end 2005, approximately 90% of the Townships investments are in government sponsored enterprise notes (i.e., federal agencies) that are subject to concentration of credit risk.

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, \$ 8,002,134 of the Township’s bank balance of \$ 8,102,134 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.

Green Township  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

**Note 6 – Property Taxes**

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

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

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005, was \$ 8.31 per \$1,000 of assessed value. The assessed values of real property, public utility property, and

Green Township  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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**Note 6 – Property Taxes (continued)**

tangible personal property upon which 2005 property tax receipts were based is as follows:

Real Property – Residential, Agricultural and Other	\$ 989,550,000
Personal Property	24,400,000
Public Utility (Personal Property)	<u>36,480,000</u>
Total Valuation	\$ 1,050,430,000

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

**Note 7 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005 the Township contracted with Cincinnati Insurance Company. Cincinnati Insurance Company provides property and casualty coverage. Scottsdale Indemnity Company holds the coverage for the Law Enforcement Operations.

Coverage provided is as follows:

Legal Liability	\$ 3,000,000	Per Occurrence
Automobile Liability	1,000,000	Per Occurrence
Law Enforcement Operations	3,000,000	Per Occurrence
Wrongful Acts	50,000	Per Occurrence
Property	10,910,386	Total Coverage
Boiler and Machinery	1,285,103	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.

**Note 7 – Risk Management (continued)**

The Township has elected to provide employee medical/surgical benefits through Anthem Blue Cross/Blue Shield. Employees contribute 10% of the monthly premium cost with the Township paying 90%. The premiums vary with the employee depending on type of coverage selected (single, family). The Township provides dental insurance to all employees as a function of this health care plan, through Dental Care Plus. Again employees share 10% of the cost of the monthly premium with the Township paying 90%. The Township provides life insurance at no cost to the employee and provides a benefit of \$15,000 for each employee.

**Note 8 – Defined Benefit Pension Plan**

**A. Ohio Public Employees Retirement System**

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

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

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

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The **Township's** contribution rate for pension benefits for 2005 was 13.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 16.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined

Green Township  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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

plans for the years ended December 31, 2005, 2004, and 2003 were \$ 441,848, \$ 581,666, and \$ 558,157 respectively. The full amount has been contributed for 2005, 2004 and 2003. Contributions to the member-directed plan for 2005 were \$ 441,848 made by the Township and \$ 320,021 made by the plan members.

**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 24.00 percent for firefighters. Contributions are authorized by State statute. The Township's contributions to the Fund for firefighters was \$584,576 for the year ended December 31, 2005, \$ 570,188 for the year ended December 31, 2004 and \$562,135 for the year ended December 31, 2003. The full amount has been contributed for 2005, 2004 and 2003.

**Note 9 – Post-Employment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4 percent of covered payroll was the portion that was used to fund health care.

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

Green Township  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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**Note 9 – Post-Employment Benefits (continued)**

percent based on additional annual pay increases.

Health care premiums were assumed to increase between 6.50 and 11.00 percent annually from 2003 thru 2011 and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$ 209,737. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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

**B. Ohio Police and Fire Pension Fund**

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

The health care coverage provided by the retirement system is considered an Other 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.

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 2004 and 2003. 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 were \$ 45,305 for firefighters. The OP&F's total health care expense for the year ended

Green Township  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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**Note 9 – Post-Employment Benefits (continued)**

December 31, 2005 (the latest information available) was \$163,311,330, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,995 for police and 10,609 for firefighters.

**Note 10 – Debt**

The Township’s long-term debt activity for the year ended December 31, 2005, was as follows:

	Interest Rate	Balance December 31, 2004	Addition	Reduction	Balance December 31, 2005	Due Within One Year
Note	4.64	99,576		37,042	66,384	35,502

This note originated in 1998 for the purchase of a Fire Engine. The note will be paid in full in 2007.

**Note 11 – Contingent Liabilities**

A. Litigation

Green Township is a party to legal proceedings seeking damages. The Township management is of the opinion that the ultimate disposition of the various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Township.

B. Federal and State Grants

The Township participates in federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2005, audits of certain programs have not been completed. Accordingly, the Township’s compliance with applicable grant requirements will be established at a future date.

**Note 12 – Compliance**

In the year 2005, contrary to 26 C.F.R. Section 1.6041-1, the Township did not issue 1099 forms.

In the year 2005, contrary to ORC 5705.36(A)(4), actual receipts were below estimated receipts, and the deficiency reduced available resources below the current level of appropriations in the State Capital Improvement Program (SCIP) fund.



# 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*

Green Township  
Hamilton County  
6303 Harrison Avenue  
Cincinnati, Ohio 45247

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Green Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated February 26, 2008, wherein we noted that in the year 2005 the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. 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 opinion 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 a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-002.

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, we believe finding number 2006-002 is also a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated February 26, 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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2006-001 and 2006-003.

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 February 26, 2008.

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



**Mary Taylor, CPA**  
Auditor of State

February 26, 2008

**GREEN TOWNSHIP  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

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

**FINDING NUMBER 2006-001**

**Noncompliance**

26 C.F.R. Section 1.6041-1 generally requires that Form 1099-MISC be issued to all independent contractors who receive income aggregating \$600 or more during a calendar year.

Contrary to the above, the Township did not issue the required 1099-MISC Forms to several unincorporated vendors who received payments exceeding \$600 for calendar year 2005.

To ensure compliance with federal tax regulations, we recommend that the Township work with its legal counsel and the Internal Revenue Service to correct the noncompliance described above.

**Officials' Response:**

The Township in item 2006-001 did issue 1099 forms in 2006. This was the first year the Township issued 1099 forms. When Green Township realized this was a necessary process that must be completed by the Township, a correction was made in generating these 1099 forms, which were mailed timely to the vendor. Green Township will continue to issue 1099 forms in the future.

**FINDING NUMBER 2006-002**

**Material Weakness**

Monitoring controls are procedures and supervisory activities performed by management to help ensure that management's objectives are being achieved, including the objective of assuring accurate and reliable financial reports for external reporting purposes. Effective monitoring controls should enable management to identify misclassifications, errors and omissions in financial reports.

The Township prepares its financial statements for external reporting purposes from a system that is separate from the system used to process its daily transactions. In the course of preparing the financial statements, various errors and omissions occurred, including the following:

1. Various revenues were improperly classified on the draft financial statements as well as in the cash basis annual report. Reclassifications included the following:
  - Permissive Motor Vehicle License Tax Fund tax revenues in the amount of \$163,970 (12 transactions) for the year 2005 and in the amount of \$179,615 (12 transactions) for the year 2006 were improperly posted as intergovernmental revenues.
  - Motor Vehicle License Tax Fund intergovernmental revenues in the amount of \$79,044 (12 transactions) for the year 2005 and in the amount of \$102,397 (12 transactions) for the year 2006 were improperly posted as property and other local taxes.

**FINDING NUMBER 2006-002**  
**(Continued)**

- Fire Levy Fund payments of principal and interest in the amount of \$37,042 (2 transactions) for the year 2005 and in the amount of \$35,502 (2 transactions) for the year 2006 were improperly posted as public works expenditures.
  - General Fund cable franchise revenues in the amount of \$522,399 (2 transactions) for the year 2005 and in the amount of \$551,342 (2 transactions) for the year 2006 were improperly posted as other miscellaneous revenues instead of licenses, permits and fees.
  - Intergovernmental revenues for some funds were improperly posted as miscellaneous revenues. Funds requiring reclassifications included the following: Solid Waste Management Fund in the amount of \$53,744 (2 transactions) for the year 2005 and in the amount of \$49,996 (2 transactions) for the year 2006; State Capital Improvement Program Grant Fund in the amount of \$90,831 (2 transactions) for the year 2005 and in the amount of \$331,893 (6 transactions) for the year 2006; EMS Training Grant Fund in the amount of \$1,000 (1 transaction) for the year 2005 and in the amount of \$2,500 (1 transaction) for the year 2006.
2. Tax Increment Financing Fund (TIF) payments to schools and all other TIF expenditures were all properly made in adherence to the Township's TIF agreement. However, in the process of preparing the financial statements for external reporting purposes, all expenditures in the amount of \$13,336,444 for the year 2005 and in the amount of \$13,346,409 for the year 2006 were reported as general government expenditures rather than as payments to schools or as capital outlay.
3. All general revenues in the amount of \$24,237,011 for the year 2005 and in the amount of \$32,200,946 for the year 2006 on the entity-wide Statement of Activities were initially reported as general miscellaneous revenues. Material reclassifications were necessary to ensure that program revenues (i.e., charges for services, operating grants, and capital grants) and general revenues (property and other local taxes, unrestricted grants and entitlements, proceeds of notes, and miscellaneous revenues) were properly reported.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on both the fund level and entity-wide financial statements. In addition, the financial statements should be compared to the disclosures in the notes to the financial statements, to ensure that note disclosures are consistent with amounts reported in the financial statements.

**Officials' Response:**

The Finding 2006-002 is understood as written. This was the first time Green Township did a GAAP Look Alike Annual Report. Previous to this audit, the Township was not informed the classification of revenue was incorrect when filing on a "Cash Basis". The reporting of the Township revenue on a Cash Basis is reported to a very fine detail daily, monthly, and annually, as are the expenditures. The error occurred when these sources of revenue were rolled into a designated classification for the GAAP Look Alike Annual Report. Green Township has established and followed policies and procedures to prevent or detect fraud, ensure compliance with laws and regulations affecting the Township, and to assure all transactions are recorded correctly. The misclassifications, errors, and omissions noted in Finding 2006-002 occurred solely in the process of converting summary data from the accounting system to the separate system which prepares the external financial reports. None of this was done intentionally and all necessary corrections to ensure the accompanying financial statements are fairly presented. Green Township Trustees, Fiscal Officer, and Management will continue to improve procedures for review of the financial statements.

**FINDING NUMBER 2006-003**

**Noncompliance**

**Ohio Rev. Code, § 5705.36(A)(4)**, requires that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the current level of appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. As of the date noted below, actual receipts were below estimated receipts, and the deficiency reduced available resources below the current level of appropriations in the following funds:

<b>Date &amp; Fund</b>	<b>Available Resources Plus Beginning Cash Balance</b>	<b>Current Year Appropriations Plus Prior Year Carryover Appropriations</b>	<b>Variance</b>
<b><u>December 31, 2006:</u></b>			
Street Levy Fund (#222)	\$599,705	\$631,928	(\$32,223)
SCIP Capital Improvement Fund (#321)	331,893	375,000	(43,107)
<b><u>December 31, 2005:</u></b>			
SCIP Capital Improvement Fund (#321)	90,831	350,000	(259,169)

We recommend that the Township periodically review and compare estimated and actual receipts and make necessary amendments thereto, to reduce the risk of appropriations exceeding available resources and the potential for negative fund balances.

**Official's Response:**

The Township will continue to issue Amended Estimated Resources and Amended Appropriations to the County Auditor for certification as needed throughout the Fiscal Year, with the best estimates currently available for each. Please note that in all cases listed the actual expenditures did not exceed actual resources available.





**Mary Taylor, CPA**  
Auditor of State

**GREEN TOWNSHIP**

**HAMILTON 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  
APRIL 10, 2008**