



Mary Taylor, CPA
Auditor of State

**OHIO TOWNSHIP
CLERMONT COUNTY**

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CLERMONT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Ohio Township
Clermont County
2877 Mt. Pisgah Road
New Richmond, Ohio 45157

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 Ohio Township, Clermont 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 as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ohio Township, Clermont County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, and Fire/EMS Levy Funds for the year ended December 31, 2006, and for the General, Gasoline Tax, Road and Bridge, Ambulance Levy, and Fire/EMS Levy Funds thereof for the year ended December 31, 2005 in conformity with the basis of accounting Note 2 describes.

For the years 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*.

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In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 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 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 25, 2008

Ohio Township
Management's Discussion and Analysis
For the Years Ending December 31, 2006 and December 31, 2005
Unaudited

This discussion and analysis of Ohio Township's financial performance provides an overall review of the Township's financial activities for the years ending December 31, 2006 and December 31, 2005, within the limitations of the Township's cash basis of 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 \$312,991, or 70.0%, a very significant change from the prior year. The General Fund had an increase of \$226,614 that resulted from receiving \$235,115 in estate taxes. The Gasoline Tax Fund had an increase of \$36,299 due to abnormally high gasoline sales and subsequent revenue distribution. The Fire/EMS levy fund realized an increase of \$56,236 due to the effects of the new 6 mill levy.

The Ambulance Levy Fund and the Fire Fund had significant decreases in year end balances as the money remaining in these 2 funds will continue to be spent down until exhausted. The Fire/EMS Levy Fund will eventually replace the Ambulance Levy Fund and the Fire Fund for comparison(s) of those related expenses.

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$36,480, or 8.9 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized the increase largely due to the Township receiving \$45,189 in estate taxes.

A new 6 mill levy was passed by the voters for fire and emergency medical services (EMS) in November of 2004. The 2 existing 3 mill levies for fire protection and EMS services was subsequently canceled by the Township Trustees. With the new 6 mill levy in place, the Township expects to realize approximately \$90,000 in additional revenue beginning in 2006 for Fire/EMS services.

The Township purchased a 2002 Horton EMS truck during 2005 at a cost of \$60,000 in December of 2005.

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

Ohio Township
Management's Discussion and Analysis
For the Years Ending December 31, 2006 and December 31, 2005
Unaudited

specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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

Basis of Accounting

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

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

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the 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.

The statement of net assets and the statement of activities, presents the Township financial activities as Governmental activities. All of the Township's basic services are reported here, including Fire/EMS, roads and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Ohio Township
Management's Discussion and Analysis
For the Years Ending December 31, 2006 and December 31, 2005
Unaudited

Reporting the Township's Most Significant Funds

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

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 are the General Fund, the Gasoline Tax Fund, the Ambulance Fund, the Road and Bridge Fund and the Fire/EMS Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2006, 2005 and 2004 on a modified cash basis:

Table 1
Net Assets

	Governmental Activities		
	2006	2005	2004
Assets			
Cash and Cash Equivalents	\$376,729	\$396,668	\$295,700
Investments	383,113	50,183	114,671
Total Assets	\$759,842	\$446,851	\$410,371
Net Assets			
Restricted for:			
Other Purposes	\$382,313	\$295,936	\$315,745
Unrestricted	377,529	150,915	94,626
Total Net Assets	\$759,842	\$446,851	\$410,371

As mentioned previously, net assets of governmental activities increased \$312,991, or 70.0 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- The Township received \$235,115 in estate taxes (General Fund).
- The Gasoline Tax Fund experienced higher than normal revenues.
- The new Fire/EMS Levy Fund displayed the effects of the new levy rate.

Ohio Township
Management's Discussion and Analysis
For the Years Ending December 31, 2006 and December 31, 2005
Unaudited

As mentioned previously, net assets of governmental activities increased \$36,480 or 8.9 percent during 2005. The primary reasons contributing to the increases in cash balances are as follows:

- The Township received \$45,189 in estate taxes.

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.

Program receipts represent only 15.77 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees.

General receipts represent 84.23 percent of the Township's total receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Table 2 reflects the changes in net assets on a modified cash basis in 2006 and 2005 for governmental activities.

Ohio Township
Management's Discussion and Analysis
For the Years Ending December 31, 2006 and December 31, 2005
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Licenses, Permits and Fees	\$2,455	\$2,569
Operating Grants and Contributions	103,399	85,230
Total Program Receipts	<u>105,854</u>	<u>87,799</u>
General Receipts:		
Property and Other Local Taxes	335,865	315,948
Grants and Entitlements Not Restricted to Specific Programs	320,568	127,013
Interest	26,372	14,279
Miscellaneous	17,367	11,558
Total General Receipts	<u>700,172</u>	<u>468,798</u>
Total Receipts	<u>806,026</u>	<u>556,597</u>
Disbursements:		
General Government	186,620	157,527
Security of Persons and Property:	196,068	227,182
Public Health Services	14,560	11,878
Conservation/Recreation	15,629	10,937
Capital Outlay	21,057	55,459
Principal Retirement	17,000	15,000
Interest and Fiscal Charges	42,100	42,850
Water		
Total Disbursements	<u>493,034</u>	<u>520,833</u>
Excess (Deficiency) Before Transfers	312,992	35,764
Increase (Decrease) in Net Assets	312,992	35,764
Net Assets, Beginning of year	<u>446,851</u>	<u>411,086</u>
Net Assets, End of year	<u>\$759,843</u>	<u>\$446,850</u>

Program receipts represent only 13.13 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees.

Ohio Township
Management's Discussion and Analysis
For the Years Ending December 31, 2006 and December 31, 2005
Unaudited

General receipts represent 86.87 percent of the Township's total receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the board of trustees, fiscal officer, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

Security of Persons and Property are the costs of police and fire protection, emergency medical services; Public Health Services is the health department; Conservation/Recreation is the costs of maintaining the parks and playing fields; and Transportation is the cost of maintaining the roads.

The Township's Funds 2006

In 2006, total governmental funds had receipts of \$806,025.84 and disbursements of \$493,035.

The General Fund increased \$226,614 as the result of receiving \$235,115 in estate taxes.

The Gasoline Tax Fund increased \$36,299 as a result of higher than anticipated tax revenues due to higher than normal gasoline sales throughout the state, which is distributed to the Township based upon township road mileage.

The Road and Bridge Fund increased \$9,644 as a result of shifting some allowable expenses back to the Gasoline Tax Fund.

The Township's Funds 2005

In 2005, total governmental funds had receipts of \$556,597 and disbursements of \$520,832.

The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$56,289 as the result of receiving \$45,189 in estate taxes.

The Gasoline Tax Fund increased \$12,376 as a result of shifting some allowable expenses to the Road and Bridge Fund during 2005.

The Road and Bridge fund decreased \$10,429 as a result of shifting some allowable expenses from the Gasoline Tax Fund during 2005.

The Ambulance Levy Fund decreased \$62,510 as a result of making expenditures while no tax revenue was received for this fund during 2005. The revenue for this fund is being replaced by the new Fire/EMS Levy Fund.

The Fire/EMS Levy Fund increased \$82,077 during 2005 by virtue of being a new fund and higher tax revenues due to new millage rates of the new 6 mill levy, which was retroactive to 2005.

Ohio Township
Management's Discussion and Analysis
For the Years Ending December 31, 2006 and December 31, 2005
Unaudited

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 and 2005, the Township amended its General Fund budget one time near the end of the year to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to unexpected estate tax receipts. However, the motor vehicle license fund was revised slightly lower due to lower than anticipated receipts. Differences in all other funds were insignificant.

Capital Assets and Debt Administration

Capital Assets

The Township does not report its capital assets under the modified basis of accounting.

Debt

On December 31, 2006, the Township's outstanding debt included \$1,463,700 in principal and interest in general obligation bonds issued for construction of the firehouse. For further information regarding the Township's debt, refer to Note 10 to the financial statements.

On December 31, 2005, the Township's outstanding debt included \$1,522,800 in principal and interest in general obligation bonds issued for construction of the firehouse. For further information regarding the Township's debt, refer to Note 10 to the financial statements.

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. In the coming years it will become increasingly difficult for Ohio Township to maintain providing the excellent services our residents have come to enjoy in the face of the state legislatures' decisions to cut out the estate tax, eliminate personal property tax, etc.

Contacting the Government'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 Bill Gilpin, Fiscal Officer, Ohio Township, 2877 Mt. Pisgah Rd., New Richmond, Ohio 45157.

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**OHIO TOWNSHIP
CLERMONT COUNTY**

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

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$759,842
<i>Total Assets</i>	<u><u>\$759,842</u></u>
Net Assets	
Restricted for:	
Road and Bridge Fund	\$40,031
Cemetery Fund	1,923
Fire District Fund	5,837
Zoning Fund	4,585
Ambulance Levy Fund	20,932
Fire/EMS Levy Fund	138,313
Permissive Motor Vehicle Fund	39,479
Gasoline Fund	124,122
Motor Vehicle License Fund	7,091
Unrestricted	377,529
<i>Total Fund Balances</i>	<u><u>\$759,842</u></u>

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

**OHIO TOWNSHIP
CLERMONT 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	Governmental Activities	
Governmental Activities				
Current:				
General Government	\$186,620	\$0	\$0	(\$186,620)
Public Safety	62,143	0	0	(62,143)
Public Works	133,925	0	103,399	(30,526)
Health	14,560	750	0	(13,810)
Conervation - Recreation	15,629	0	0	(15,629)
Other	0	1,705	0	1,705
Debt Service:				
Principal	17,000	0	0	(17,000)
Interest	42,100	0	0	(42,100)
Capital Outlay	21,057	0	0	(21,057)
Total Governmental Activities	\$493,034	\$2,455	\$103,399	(387,180)

General Receipts

Property Taxes	335,865
Grants and Entitlements not Restricted to Specific P	320,568
Earnings on Investments	26,372
Miscellaneous	17,366
	700,171
<i>Total General Receipts</i>	700,171
Change in Net Assets	312,991
<i>Net Assets Beginning of Year</i>	446,851
<i>Net Assets End of Year</i>	\$759,842

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

**OHIO TOWNSHIP
CLERMONT COUNTY**

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

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire/EMS Levy</u>	<u>Other Governmental</u>	<u>Total</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$104,437	\$119,101	\$40,031	\$33,313	\$79,847	\$376,729
Investments	273,091	5,021	0	105,000	0	383,112
Total Assets	<u>\$377,528</u>	<u>\$124,122</u>	<u>\$40,031</u>	<u>\$138,313</u>	<u>\$79,847</u>	<u>\$759,841</u>
Fund Balances						
Unreserved:						
Undesignated, Reported in:						
General Fund	\$377,529					\$377,529
Special Revenue		\$124,122	\$40,031	\$138,313	\$79,847	382,313
Total Fund Balances	<u>\$377,529</u>	<u>\$124,122</u>	<u>\$40,031</u>	<u>\$138,313</u>	<u>\$79,847</u>	<u>\$759,842</u>

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

**OHIO TOWNSHIP
CLERMONT COUNTY**

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

	General	Gasoline Tax	Road and Bridge	Fire/EMS Levy	Other Governmental	Total
Receipts						
Local Taxes	\$91,731	\$0	\$47,769	\$137,265	\$59,100	\$335,865
Intergovernmental	280,489	90,204	7,631	25,740	19,903	423,967
Licenses, Permits, and Fees					1,705	1,705
Earnings on Investments	21,954	3,161			1,258	26,373
Miscellaneous					750	750
<i>Total Receipts</i>	<u>394,174</u>	<u>93,365</u>	<u>55,400</u>	<u>163,005</u>	<u>82,716</u>	<u>788,660</u>
Disbursements						
Current:						
General Government	126,263			56,719	3,638	186,620
Public Safety			531	29,500	32,112	62,143
Public Works	27,967	57,067	45,224		3,668	133,926
Health	14,560					14,560
Conervation - Recreation	15,629					15,629
Debt Service:						
Principal					17,000	17,000
Interest					42,100	42,100
Capital Outlay	507			20,550		21,057
<i>Total Disbursements</i>	<u>184,926</u>	<u>57,067</u>	<u>45,755</u>	<u>106,769</u>	<u>98,518</u>	<u>493,035</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	209,248	36,298	9,645	56,236	(15,802)	295,625
Other Financing Sources						
Other Financing Sources	17,366					17,366
<i>Net Change in Fund Balances</i>	226,614	36,298	9,645	56,236	(15,802)	312,991
<i>Fund Balances Beginning of Year</i>	150,915	87,824	30,386	82,077	95,649	446,851
<i>Fund Balances End of Year</i>	<u>\$377,529</u>	<u>\$124,122</u>	<u>\$40,031</u>	<u>\$138,313</u>	<u>\$79,847</u>	<u>\$759,842</u>

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

**OHIO TOWNSHIP
CLERMONT 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>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Local Taxes	\$74,980	\$75,180	\$91,731	\$16,551
Intergovernmental	41,644	41,444	280,489	239,045
Earnings on Investments	9,185	9,185	21,954	12,769
<i>Total receipts</i>	<u>125,809</u>	<u>125,809</u>	<u>394,174</u>	<u>268,365</u>
Disbursements				
Current:				
General Government	157,138	165,863	126,263	39,600
Public Works	51,000	42,275	27,967	14,308
Health	18,838	18,838	14,560	4,278
Conervation - Recreation	29,000	29,000	15,629	13,371
Capital Outlay	25,000	25,000	507	24,493
<i>Total Disbursements</i>	<u>280,976</u>	<u>280,976</u>	<u>184,926</u>	<u>96,050</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(155,167)</u>	<u>(155,167)</u>	<u>209,248</u>	<u>364,415</u>
Other Financing Sources (Uses)				
Other Financing Sources	11,330	11,330	17,366	6,036
<i>Total Other Financing Sources (Uses)</i>	<u>11,330</u>	<u>11,330</u>	<u>17,366</u>	<u>6,036</u>
<i>Net Change in Fund Balance</i>	<u>(143,837)</u>	<u>(143,837)</u>	<u>226,614</u>	<u>370,451</u>
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>150,915</u>	<u>150,915</u>	<u>150,915</u>	<u>0</u>
<i>Fund Balance - Budget Basis End of Year</i>	<u><u>\$7,078</u></u>	<u><u>\$7,078</u></u>	<u><u>\$377,529</u></u>	<u><u>\$370,451</u></u>

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

**OHIO TOWNSHIP
CLERMONT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$67,815	\$67,815	\$90,204	\$22,389
Earnings on Investments	2,015	2,015	3,161	1,146
<i>Total receipts</i>	<u>69,830</u>	<u>69,830</u>	<u>93,365</u>	<u>23,535</u>
Disbursements				
Current:				
General Government	300	0	0	0
Public Works	142,100	142,400	57,067	85,333
Capital Outlay	9,500	9,500	0	9,500
<i>Total Disbursements</i>	<u>151,900</u>	<u>151,900</u>	<u>57,067</u>	<u>94,833</u>
<i>Net Change in Fund Balance</i>	(82,070)	(82,070)	36,298	118,368
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>\$87,824</u>	<u>\$87,824</u>	<u>87,824</u>	
<i>Fund Balance - Budget Basis End of Year</i>	<u><u>\$5,754</u></u>	<u><u>\$5,754</u></u>	<u><u>\$124,122</u></u>	<u><u>\$118,368</u></u>

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

**OHIO TOWNSHIP
CLERMONT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Local Taxes	\$41,673	\$41,673	\$47,769	\$6,096
Intergovernmental	7,040	7,040	7,631	591
<i>Total receipts</i>	<u>48,713</u>	<u>48,713</u>	<u>55,400</u>	<u>6,687</u>
Disbursements				
Current:				
Public Safety	2,000	2,000	531	1,469
Public Works	75,900	75,900	45,224	30,676
<i>Total Disbursements</i>	<u>77,900</u>	<u>77,900</u>	<u>45,755</u>	<u>32,145</u>
<i>Net Change in Fund Balance</i>	(29,187)	(29,187)	9,645	38,832
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>\$30,386</u>	<u>\$30,386</u>	<u>30,386</u>	
<i>Fund Balance - Budget Basis End of Year</i>	<u><u>\$1,199</u></u>	<u><u>\$1,199</u></u>	<u><u>\$40,031</u></u>	<u><u>\$38,832</u></u>

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

**OHIO TOWNSHIP
CLERMONT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE/EMS LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Local Taxes	\$133,123	\$133,123	\$137,265	\$4,142
Intergovernmental	25,764	25,764	25,740	(24)
<i>Total receipts</i>	<u>158,887</u>	<u>158,887</u>	<u>163,005</u>	<u>4,118</u>
Disbursements				
Current:				
General Government	134,850	134,950	56,719	78,231
Public Safety	29,500	29,500	29,500	0
Capital Outlay	70,000	70,000	20,550	49,450
<i>Total Disbursements</i>	<u>234,350</u>	<u>234,450</u>	<u>106,769</u>	<u>127,681</u>
<i>Net Change in Fund Balance</i>	(75,463)	(75,563)	56,236	131,799
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>\$82,077</u>	<u>\$82,077</u>	<u>82,077</u>	
<i>Fund Balance - Budget Basis End of Year</i>	<u><u>\$6,614</u></u>	<u><u>\$6,514</u></u>	<u><u>\$138,313</u></u>	<u><u>\$131,799</u></u>

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

**OHIO TOWNSHIP
CLERMONT COUNTY**

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

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$446,851
<i>Total Assets</i>	<u><u>\$446,851</u></u>
Net Assets	
Restricted for:	
Road and Bridge Fund	\$30,386
Cemetery Fund	1,173
Fire District Fund	5,095
Zoning Fund	4,368
Ambulance Levy Fund	49,228
Fire/EMS Levy Fund	82,077
Permissive Motor Vehicle Fund	31,458
Motor Vehicle License Fund	4,327
Gasoline Fund	87,824
Unrestricted	150,915
<i>Total Fund Balances</i>	<u><u>\$446,851</u></u>

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

**OHIO TOWNSHIP
CLERMONT 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 Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
General Government	\$157,527	\$0	\$0	(\$157,527)
Public Safety	84,549	0	0	(84,549)
Public Works	142,631	0	85,229	(57,402)
Health	11,878	0	0	(11,878)
Conervation - Recreation	10,937	0	0	(10,937)
Other	0	2,569	0	2,569
Debt Service:				
Principal	15,000	0	0	(15,000)
Interest	42,850	0	0	(42,850)
Capital Outlay	55,459	0	0	(55,459)
Total Governmental Activities	\$520,831	\$2,569	\$85,229	(433,033)

General Receipts

Property Taxes	315,948
Grants and Entitlements not Restricted to Specific Pr	127,013
Earnings on Investments	14,279
Miscellaneous	11,558
Total General Receipts	468,798
Change in Net Assets	35,765
Net Assets Beginning of Year	411,086
Net Assets End of Year	\$446,851

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

**OHIO TOWNSHIP
CLERMONT COUNTY**

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

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Ambulance Levy</u>	<u>Fire/EMS Levy</u>	<u>Other Governmental</u>	<u>Total</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$120,732	\$87,824	\$30,386	\$49,228	\$62,077	\$46,421	\$396,668
Investments	30,183	0	0	0	20,000	0	50,183
Total Assets	<u>\$150,915</u>	<u>\$87,824</u>	<u>\$30,386</u>	<u>\$49,228</u>	<u>\$82,077</u>	<u>\$46,421</u>	<u>\$446,851</u>
Fund Balances							
Unreserved:							
Undesignated, Reported in:							
General Fund	\$150,915						\$150,915
Special Revenue		\$87,824	\$30,386	\$49,228	\$82,077	\$46,421	295,936
Total Fund Balances	<u>\$150,915</u>	<u>\$87,824</u>	<u>\$30,386</u>	<u>\$49,228</u>	<u>\$82,077</u>	<u>\$46,421</u>	<u>\$446,851</u>

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

**OHIO TOWNSHIP
CLERMONT COUNTY**

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

	General	Gasoline Tax	Road and Bridge	Ambulance Levy	Fire/EMS Levy	Other Governmental	Total
Receipts							
Local Taxes	\$75,657	\$0	\$44,007	\$0	\$138,433	\$57,850	\$315,947
Intergovernmental	87,754	73,230	6,995	3,354	25,556	15,354	212,243
Licenses, Permits, and Fees						2,569	2,569
Earnings on Investments	11,289	2,096				895	14,280
Miscellaneous		200					200
<i>Total Receipts</i>	<u>174,700</u>	<u>75,526</u>	<u>51,002</u>	<u>3,354</u>	<u>163,989</u>	<u>76,668</u>	<u>545,239</u>
Disbursements							
Current:							
General Government	97,121	208		34,000	19,845	6,351	157,525
Public Safety			1,523	31,864	12,067	39,095	84,549
Public Works	8,460	62,941	59,908			11,323	142,632
Health	11,851					27	11,878
Conervation - Recreation	10,937						10,937
Debt Service:							
Principal						15,000	15,000
Interest						42,850	42,850
Capital Outlay	1,399				50,000	4,060	55,459
<i>Total Disbursements</i>	<u>129,768</u>	<u>63,149</u>	<u>61,431</u>	<u>65,864</u>	<u>81,912</u>	<u>118,706</u>	<u>520,830</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	44,932	12,377	(10,429)	(62,510)	82,077	(42,038)	24,409
Other Financing Sources							
Other Financing Sources	11,357						11,357
<i>Net Change in Fund Balances</i>	56,289	12,377	(10,429)	(62,510)	82,077	(42,038)	35,766
<i>Fund Balances Beginning of Year</i>	94,626	75,447	40,815	111,738	0	88,459	411,085
<i>Fund Balances End of Year</i>	<u>\$150,915</u>	<u>\$87,824</u>	<u>\$30,386</u>	<u>\$49,228</u>	<u>\$82,077</u>	<u>\$46,421</u>	<u>\$446,851</u>

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

**OHIO TOWNSHIP
CLERMONT COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Local Taxes	\$77,192	\$73,342	\$75,657	\$2,315
Intergovernmental	43,359	43,559	87,754	44,195
Earnings on Investments	2,100	2,100	11,289	9,189
<i>Total receipts</i>	<u>122,651</u>	<u>119,001</u>	<u>174,700</u>	<u>55,699</u>
Disbursements				
Current:				
General Government	150,200	150,200	97,122	53,078
Public Works	14,000	14,000	8,460	5,540
Health	17,155	17,155	11,851	5,304
Conervation - Recreation	24,900	24,900	10,937	13,963
Capital Outlay	17,500	17,500	1,399	16,101
<i>Total Disbursements</i>	<u>223,755</u>	<u>223,755</u>	<u>129,769</u>	<u>93,986</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(101,104)</u>	<u>(104,754)</u>	<u>44,931</u>	<u>149,685</u>
Other Financing Sources (Uses)				
Other Financing Sources	11,000	11,000	11,358	358
<i>Total Other Financing Sources (Uses)</i>	<u>11,000</u>	<u>11,000</u>	<u>11,358</u>	<u>358</u>
<i>Net Change in Fund Balance</i>	(90,104)	(93,754)	56,289	150,043
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>94,626</u>	<u>94,626</u>	<u>94,626</u>	<u>0</u>
<i>Fund Balance - Budget Basis End of Year</i>	<u><u>\$4,522</u></u>	<u><u>\$872</u></u>	<u><u>\$150,915</u></u>	<u><u>\$150,043</u></u>

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

**OHIO TOWNSHIP
CLERMONT COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$62,000	\$62,000	\$73,230	\$11,230
Earnings on Investments	350	350	2,095	1,745
Miscellaneous			200	
	<u>62,350</u>	<u>62,350</u>	<u>75,525</u>	<u>12,975</u>
<i>Total receipts</i>				
Disbursements				
Current:				
General Government	1,000	1,000	208	792
Public Works	125,834	125,834	62,940	62,894
Capital Outlay	10,000	10,000	0	10,000
	<u>136,834</u>	<u>136,834</u>	<u>63,148</u>	<u>73,686</u>
<i>Total Disbursements</i>				
<i>Net Change in Fund Balance</i>	(74,484)	(74,484)	12,377	86,661
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>\$75,447</u>	<u>\$75,447</u>	<u>75,447</u>	
<i>Fund Balance - Budget Basis End of Year</i>	<u><u>\$963</u></u>	<u><u>\$963</u></u>	<u><u>\$87,824</u></u>	<u><u>\$86,661</u></u>

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

**OHIO TOWNSHIP
CLERMONT COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Local Taxes	\$44,528	\$41,716	\$44,008	\$2,292
Intergovernmental	6,907	6,907	6,995	88
<i>Total receipts</i>	<u>51,435</u>	<u>48,623</u>	<u>51,003</u>	<u>2,380</u>
Disbursements				
Current:				
Public Safety	2,000	2,000	1,524	476
Public Works	87,400	87,400	59,908	27,492
<i>Total Disbursements</i>	<u>89,400</u>	<u>89,400</u>	<u>61,432</u>	<u>27,968</u>
<i>Net Change in Fund Balance</i>	(37,965)	(40,777)	(10,429)	30,348
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>\$40,815</u>	<u>\$40,815</u>	40,815	
<i>Fund Balance - Budget Basis End of Year</i>	<u>\$2,850</u>	<u>\$38</u>	<u>\$30,386</u>	<u>\$30,348</u>

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

**OHIO TOWNSHIP
CLERMONT COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$3,354	\$3,354	\$3,354	\$0
<i>Total receipts</i>	<u>3,354</u>	<u>3,354</u>	<u>3,354</u>	<u>0</u>
Disbursements				
Current:				
General Government	82,767	82,767	34,000	48,767
Public Safety	32,325	32,325	31,864	461
<i>Total Disbursements</i>	<u>115,092</u>	<u>115,092</u>	<u>65,864</u>	<u>49,228</u>
<i>Net Change in Fund Balance</i>	(111,738)	(111,738)	(62,510)	49,228
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>\$111,738</u>	<u>\$111,738</u>	<u>111,738</u>	
<i>Fund Balance - Budget Basis End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$49,228</u></u>	<u><u>\$49,228</u></u>

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

**OHIO TOWNSHIP
CLERMONT COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Local Taxes	\$134,374	\$134,374	\$138,433	\$4,059
Intergovernmental	25,764	25,764	25,556	(208)
<i>Total receipts</i>	<u>160,138</u>	<u>160,138</u>	<u>163,989</u>	<u>3,851</u>
Disbursements				
Current:				
General Government	66,538	66,538	19,845	46,693
Public Safety	43,600	43,600	12,067	31,533
Capital Outlay	50,000	50,000	50,000	0
<i>Total Disbursements</i>	<u>160,138</u>	<u>160,138</u>	<u>81,912</u>	<u>78,226</u>
<i>Net Change in Fund Balance</i>	0	0	82,077	82,077
<i>Fund Balance - Budget Basis Beginning of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>0</u>	
<i>Fund Balance - Budget Basis End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$82,077</u></u>	<u><u>\$82,077</u></u>

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

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Ohio Township
Notes to the Financial Statements
December 31, 2006 and 2005

Note 1 – Reporting Entity

The Ohio Township, Clermont County, Ohio (the Township), is a body politic and corporate established in 1801 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Clerk.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with Pierce Township for fire protection and emergency medical services. Police protection is provided by the Clermont County Sheriff's office

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 7 to the financial statements provide additional information for this entity.

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 include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting.

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 all the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

Note 2 – Summary of Significant Accounting Policies (continued)

The statement of net assets presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function 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 fund 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 classified as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The Township's major governmental funds are the General Fund, the Gasoline Tax Fund, the Road and Bridge Fund, the Ambulance Levy Fund and the Fire/EMS Levy 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 Gasoline Tax Fund is primarily used for road and bridge maintenance. The revenues for the Gasoline Tax Fund are derived from taxes collected from the state wide sale of gasoline and distributed to the Township according to road mileage.

The Road and Bridge Fund is primarily used for road and bridge maintenance. The revenues for the Road and Bridge Fund are derived from real estate tax collections.

Note 2 – Summary of Significant Accounting Policies (continued)

The Ambulance Levy Fund is primarily used for the provision of emergency medical services. The revenues for the Ambulance Levy Fund were derived from 3 one mil levies that have been canceled after the passing of the 6 mil fire/ems levy. 2005 was the last year that the Ambulance Levy Fund will be a major fund as the remaining balance will be spent down for the expenses relating to providing emergency medical services to the Township residents.

The Fire/EMS Levy Fund is primarily used for providing fire protection and emergency medical services to the Township residents. The revenue for the Fire/EMS Levy Fund is derived from tax collections associated with a 6 mil continuing levy.

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

C. Basis of Accounting

The Township's financial statements are prepared using the 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 is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

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

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

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments

Township records identify the purchase of specific investments by specific funds.

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 with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. The Township had not investments with an original maturity of three months or more during 2006 and 2005.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2005, the Township invested in STAR Ohio. 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 2006 was \$21,954 which includes \$3,973 assigned from other Township funds, and during 2005 was \$11,288.68 which includes \$2,774.93 assigned from other Township funds.

Interest receipts credited to the Gasoline Tax Fund during 2006 and 2005, respectively, was \$3,161 and \$2,095. Interest credited to other governmental funds during 2006 and 2005, respectively, was \$1,258 and \$895.

F. 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township’s cash basis of accounting.

Note 2 – Summary of Significant Accounting Policies (continued)

H. Employer Contributions to Cost-Sharing Pension Plans

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

I. Long-Term Obligations

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.

J. 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 and after nonoperating receipts/disbursements in proprietary 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 interfund transactions during 2006 and 2005.

K. 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 gasoline tax. In 2006, restricted net assets represent \$382,313 of a total fund balance of \$759,842. Restricted net assets represent \$295,936 of a total fund balance of \$446,851 in 2005.

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

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the 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, Gasoline tax Fund, Road and Bridge Fund, Ambulance Levy Fund and the Fire/EMS Levy Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 5 – Deposits and Investments

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

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

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

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

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

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

Ohio Township
Notes to the Financial Statements
December 31, 2006 and 2005

Note 5 – Deposits and Investments (continued)

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2006, \$286,592 of the Township's bank balance of \$386,592 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.

Investments

As of December 31, 2006 and 2005, respectively, the Township had \$383,113 and \$50,183 invested in STAR Ohio.

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township's investment policy addresses interest rate risk by limiting investment to STAR Ohio, thereby eliminating the issue of interest rate risk.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

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 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.

Ohio Township
Notes to the Financial Statements
December 31, 2006 and 2005

Note 6 – Property Taxes (continued)

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, 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 2006 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 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, 2006, was \$1.30 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	<u>2006</u>	<u>2005</u>
Residential	\$57,193,020	\$50,193,020
Agriculture	3,915,620	3,623,590
Commercial/Industrial/Mineral	7,581,720	6,876,100
Tangible Personal Property		
Business	995,548	1,269,481
Public Utility	3,268,790	3,301,110
Total Assessed Value	<u>\$73,263,301</u>	<u>\$65,263,301</u>

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 2006, the Township contracted with The Ohio Plan for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
The Ohio Plan	Commercial Property	\$1,030,400
	General Liability	4,000,000
	Commercial Crime	5,000
	Inland Marine	118,902
	Vehicle	2,000,000
	Errors and Omissions	4,000,000
	Public Officials	4,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

Note 7 – Risk Management (continued)

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims. The Township participates in the Frank Gates Service Company group rating program for townships (insurance purchasing pool).

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS).

OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan – a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, and survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

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) 222-5601 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9.0 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.7 percent. 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 and 2005 were \$26,754.54 and \$25,343, respectively. The full amount was contributed for 2006 and 2005.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for OPERS postretirement health care coverage, age-and-service retirees under the Traditional Plan and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefits recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 12.

A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2006, local government employer contribution rate was 13.7 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4 percent of covered payroll was the portion that was used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

Summary of Assumptions:

Actuarial Review – The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2005.

Funding Method – The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method – All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

Investment Return – The investment assumption rate for 2005 was 6.50%

Active Employee Total Payroll – An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. In addition, annual pay increases over and above the 4.00% increase, were assumed to range from 0.50% to 6.30%.

Ohio Township
Notes to the Financial Statements
December 31, 2006 and 2005

Note 9 - Postemployment Benefits (continued)

Health Care – Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 6% for the next 9 years. In subsequent years, (10 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

Note 10 – Debt

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

	Interest Rate	Balance December 31, 2004	2005 Reductions	2006 Reductions	Balance December 31, 2006	Due Within One Year
General Obligation Bonds	5%	\$851,000	\$15,000	\$17,000	\$825,000	\$17,000

The general obligation bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The following is a summary of the Township’s future annual debt service requirements:

Year	G.O. Bonds	
	Principal	Interest
2007	\$17,000	\$41,250
2008	18,000	40,400
2009	19,000	39,500
2010	20,000	38,550
2011	21,000	37,550
2012 – 2016	122,000	170,850
2017 – 2021	156,000	137,150
2022 – 2026	199,000	94,100
2027 – 2031	253,000	39,250
Totals	<u>\$842,000</u>	<u>\$680,700</u>

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 \$6,223,445 and an unvoted debt margin of \$2,562,947.

Note 11 – Interfund Transfers

During 2006 and 2005 the Township did not make any interfund transfers.

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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*

Ohio Township
Clermont County
2877 Mt. Pisgah Road
New Richmond, Ohio 45157

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 Ohio Township, Clermont 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 25, 2008, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our 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.

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.

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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 25, 2008



Mary Taylor, CPA
Auditor of State

OHIO TOWNSHIP

CLERMONT 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 1, 2008**