



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**GREEN TOWNSHIP  
FAYETTE COUNTY**

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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## REPORT OF INDEPENDENT ACCOUNTANTS

Green Township  
Fayette County  
11084 Barger Road  
Leesburg, Ohio 45135

To the Board of Trustees:

We have audited the accompanying financial statements of Green Township, Fayette County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2000, 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 grants.

Green Township  
Fayette County  
Report of Independent Accountants  
Page 2

This report is intended solely for the information and use of management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

October 25, 2000

**GREEN TOWNSHIP  
FAYETTE COUTNY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$18,036	\$12,291	\$0	\$30,327
Intergovernmental	13,631	57,616		71,247
Charges for Services	0	1,242		1,242
Earnings on Investments	252	1,076	19	1,347
Other Revenue	257	0		257
<b>Total Cash Receipts</b>	<u>32,176</u>	<u>72,225</u>	<u>19</u>	<u>104,420</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	8,038	0		8,038
Public Safety	0	10,122		10,122
Public Works	18,500	42,410		60,910
Health	935	9,639		10,574
Contract Services			14	14
Capital Outlay	17,744	27,368		45,112
<b>Total Cash Disbursements</b>	<u>45,217</u>	<u>89,539</u>	<u>14</u>	<u>134,770</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(13,041)</u>	<u>(17,314)</u>	<u>5</u>	<u>(30,350)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Other Sources	0	5,975	0	5,975
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>0</u>	<u>5,975</u>	<u>0</u>	<u>5,975</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(13,041)</u>	<u>(11,339)</u>	<u>5</u>	<u>(24,375)</u>
<b>Fund Cash Balances, January 1</b>	<u>104,862</u>	<u>42,030</u>	<u>2,066</u>	<u>148,958</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$91,821</b></u>	<u><b>\$30,691</b></u>	<u><b>\$2,071</b></u>	<u><b>\$124,583</b></u>

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

**GREEN TOWNSHIP  
FAYETTE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$17,952	\$12,368	\$0	\$30,320
Intergovernmental	106,537	57,228		163,765
Charges for Services	0	784		784
Earnings on Investments	134	569	55	758
Other Revenue	3,112	0		3,112
<b>Total Cash Receipts</b>	<u>127,735</u>	<u>70,949</u>	<u>55</u>	<u>198,739</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	12,220	0		12,220
Public Safety	0	8,284		8,284
Public Works	12,249	34,690		46,939
Health	917	8,031		8,948
Contract Services			6	6
Capital Outlay	13,189	3,706		16,895
<b>Total Cash Disbursements</b>	<u>38,575</u>	<u>54,711</u>	<u>6</u>	<u>93,292</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>89,160</u>	<u>16,238</u>	<u>49</u>	<u>105,447</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Other Sources	0	5,000	0	5,000
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>0</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>89,160</u>	<u>21,238</u>	<u>49</u>	<u>110,447</u>
<b>Fund Cash Balances, January 1</b>	<u>15,702</u>	<u>20,792</u>	<u>2,017</u>	<u>38,511</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$104,862</b></u>	<u><b>\$42,030</b></u>	<u><b>\$2,066</b></u>	<u><b>\$148,958</b></u>

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



**GREEN TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Green Township, Fayette County, (the Township) is a body corporate and politic established 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 provides general governmental services, including road and cemetery maintenance, and fire protection.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Township funds, except the Trust Funds, are deposited in a "Now" checking account with a local commercial bank. The Trust Funds are deposited in a savings account. Interest earnings are distributed to Township funds based upon the Ohio Constitution.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

Motor Vehicle License Tax Fund - This fund receives motor vehicle tax money for constructing, maintaining and repairing Township roads.

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

**GREEN TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Cemetery Fund - This fund receives money and fees from the sale of lots, and grave openings and closings for purpose of maintaining, grooming and operating of Township cemeteries.

Fire Levy Fund - This fund receives property tax money for the provision of fire protection.

Permissive Motor Vehicle License Fund - This fund receives tax money for maintaining and repairing Township roads.

**3. Fiduciary Funds (Nonexpendable Trust Fund)**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Nonexpendable Trusts - Used to account for the funds held in trust for specific uses in the cemetery. Only the interest earnings can be expended.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not use the encumbrance method of accounting for the majority of the purchases; however, a review was performed to determine the amount of encumbrances at the year-end which were not recorded. As of December 31, 1999 and 1998 there were no material unrecorded encumbrances outstanding.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**GREEN TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**F. Property, Plant and Equipment**

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

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

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$122,512	\$146,892
Savings account	<u>2,071</u>	<u>2,066</u>
Total deposits	<u><u>\$124,583</u></u>	<u><u>\$148,958</u></u>

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 31,370	\$ 32,176	\$ 806
Special Revenue	81,475	78,200	(3,275)
Fiduciary	<u>55</u>	<u>19</u>	<u>(36)</u>
Total	<u><u>\$112,900</u></u>	<u><u>\$110,395</u></u>	<u><u>(\$2,505)</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$136,256	\$ 45,217	\$ 91,039
Special Revenue	123,477	89,539	33,938
Fiduciary	<u>0</u>	<u>14</u>	<u>(14)</u>
Total	<u><u>\$259,733</u></u>	<u><u>\$134,770</u></u>	<u><u>\$124,963</u></u>

**GREEN TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 31,415	\$127,735	\$96,320
Special Revenue	88,230	75,949	(12,281)
Fiduciary	0	55	55
Total	<u>\$119,645</u>	<u>\$203,739</u>	<u>\$84,094</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 47,142	\$38,575	\$ 8,567
Special Revenue	108,994	54,711	54,283
Fiduciary	0	6	(6)
Total	<u>\$156,136</u>	<u>\$93,292</u>	<u>\$62,844</u>

The Township did not obtain prior certification of the fiscal officer for the majority of purchases, and commitments were not properly encumbered as required by Ohio law.

**4. PROPERTY TAX**

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

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

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

**GREEN TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**5. LEASE OBLIGATION**

The Lease Obligation outstanding at December 31, 1999, was as follows:

	Principal	Interest Rate
Truck Lease Obligation	\$63,131	6.36%

The Lease With Option To Purchase Agreement dated as of November 2, 1999, between Dublin Capital Corporation (Lessor) and the Township (Lessee) was issued to finance the purchase of a new dump truck to be used for Township road and cemetery maintenance.

Future minimum lease payments through 2004 are as follows:

<u>Year ending December 31:</u>	<u>Truck Lease</u>
2000	\$15,202
2001	15,202
2002	15,202
2003	15,202
2004	<u>15,202</u>
Total	\$76,012
Less: Amount Representing Interest	<u>(12,881)</u>
Total Present Value of Minimum Lease	<u><u>\$ 63,131</u></u>

**6. RETIREMENT SYSTEMS**

The Township's officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. This plan provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Inland Marine
- Wrongful Acts
- Officials Surety Bond

The Township also provides health, disability, life, and cancer insurance coverage for the eligible elected officials and employees who desire coverage through a private carrier.

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Green Township  
Fayette County  
11084 Barger Road  
Leesburg, Ohio 45135

To the Board of Trustees:

We have audited the accompanying financial statements of Green Township, Fayette County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated October 25, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-40624-001 and 1999-40624-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated October 25, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 1999-40624-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above to be a material weakness. We also noted other matters involving the internal control that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated October 25, 2000.

Green Township  
Fayette County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

October 25, 2000



**GREEN TOWNSHIP  
FAYETTE COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1999-40624-001**

**Material Noncompliance**

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000 dollars, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

Of the expenditures tested, 91% did not contain prior certification or a then and now certification of the fiscal officer. Failure to properly certify funds could result in overspending funds. Every effort should be made by the Township to certify the availability of funds and properly utilize the encumbrance method of accounting.

**FINDING NUMBER 1999-40624-002**

**Material Noncompliance**

Ohio Admin. Code, Section 117-3-11, provides that each Township expenditure or encumbrance charged against an appropriation account shall be posted and subtracted from the appropriated balance producing a declining unencumbered balance in the appropriation ledger. This procedure is to be initiated by an executed purchase order. Ohio Administrative Code, Section 117-3-05, prescribes the triplicate form to be used as the purchase order and indicates that the third copy of the form must be attached to the voucher along with the invoice.

Of the expenditures tested, 91% of all expenditures tested were made without the execution of a purchase order.

**FINDING NUMBER 1999-40624-003**

**Internal Control - Reportable Condition**

The Annual Report as presented by the Clerk had numerous inconsistencies, foot and cross footing errors, and did not balance to the supporting working papers and ledgers. Due to these inconsistencies, the Township's financial position was not accurately presented on the financial statements. Numerous corrections to the report were necessary in order to properly reflect the receipts, disbursements and fund balance of the Township. Such corrections have been made and are reflected in the accompanying financial statements.

Due professional care should be given to the preparation and completion of the annual report. Since this report is the presentation of the Township's financial position, it is important that the report fairly and accurately present the Township's true financial position. This report is used by management to make informed decisions in the operations of the Township.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**GREEN TOWNSHIP**

**FAYETTE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 28, 20000**