



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

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**STATE OF OHIO**



**GREEN TOWNSHIP  
ADAMS COUNTY**

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## INDEPENDENT ACCOUNTANTS' REPORT

Green Township  
Adams County  
894 West Fork Road  
Stout, Ohio 45684

To the Board of Trustees:

We have audited the accompanying financial statements of Green Township, Adams County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. 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 audits 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 and reserves for encumbrances of the Township as of December 31, 2000 and 1999, 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 June 22, 2001, 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. That report is an integral part of our audit performed in accordance with the *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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, of the 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

June 22, 2001

**GREEN TOWNSHIP  
ADAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Local Taxes	\$4,698	\$8,034	\$12,732
Intergovernmental	11,264	78,630	89,894
Earnings on Investments	435	1,302	1,737
Other Revenue	685	3,657	4,342
 Total Cash Receipts	 17,082	 91,623	 108,705
 <b>Cash Disbursements:</b>			
Current:			
General Government	25,667		25,667
Public Safety		20,694	20,694
Public Works		62,347	62,347
Health		1,196	1,196
Debt Principal		7,208	7,208
Debt Interest		1,429	1,429
 Total Cash Disbursements	 25,667	 92,874	 118,541
 Total Receipts Over/(Under) Disbursements	 (8,585)	 (1,251)	 (9,836)
 Fund Cash Balances, January 1	 55,111	 49,606	 104,717
 <b>Fund Cash Balances, December 31</b>	 <b>\$46,526</b>	 <b>\$48,355</b>	 <b>\$94,881</b>
 Reserve for Encumbrances, December 31	 \$1,733	 \$1,115	 \$2,848

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

**GREEN TOWNSHIP  
ADAMS COUNTY**

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

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Local Taxes	\$4,842	\$8,337	\$13,179
Intergovernmental	18,222	68,077	86,299
Earnings on Investments	542	2,168	2,710
Other Revenue	161	1,403	1,564
 Total Cash Receipts	 23,767	 79,985	 103,752
 <b>Cash Disbursements:</b>			
Current:			
General Government	43,738		43,738
Public Safety		21,646	21,646
Public Works		60,539	60,539
Health		1,556	1,556
Debt Principal		7,292	7,292
Debt Interest		1,830	1,830
 Total Cash Disbursements	 43,738	 92,863	 136,601
 Total Receipts Over/(Under) Disbursements	 (19,971)	 (12,878)	 (32,849)
 <b>Other Financing Receipts/(Disbursements):</b>			
Sale of Assets	0	4,500	4,500
 Total Other Financing Receipts/(Disbursements)	 0	 4,500	 4,500
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (19,971)	 (8,378)	 (28,349)
 Fund Cash Balances, January 1	 75,082	 57,984	 133,066
 <b>Fund Cash Balances, December 31</b>	 <b>\$55,111</b>	 <b>\$49,606</b>	 <b>\$104,717</b>

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



**GREEN TOWNSHIP  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Green Township, Adams County, Ohio (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 Deposits**

Township funds are deposited in a "NOW" checking account with a local commercial bank. The Township pools its cash to capture the highest rate of return.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash that is 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 Fund:

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

**GREEN TOWNSHIP  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**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. Unencumbered appropriations lapse at year-end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources. The Township certified incorrect amounts available for expenditures in each fund to the County Auditor for January 1, 2001.

**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 re-appropriated. The Township did not encumber all commitments required by Ohio law. However, a review was performed to determine the amount of additional encumbrances outstanding at year-end which were not recorded. These additional encumbrances were added to the financial statements as Reserves for Encumbrances.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**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**

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

	<u>2000</u>	<u>1999</u>
Demand Deposits	<u>\$94,881</u>	<u>\$104,717</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**GREEN TOWNSHIP  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$15,000	\$17,082	\$2,082
Special Revenue	71,533	91,623	20,090
Total	\$86,533	\$108,705	\$22,172

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$62,205	\$27,400	34,805
Special Revenue	109,519	93,989	15,530
Total	\$171,724	\$121,389	\$50,335

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$15,000	\$23,767	\$8,767
Special Revenue	71,800	84,485	12,685
Total	\$86,800	\$108,252	\$21,452

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$82,820	\$43,738	\$39,082
Special Revenue	113,921	92,863	21,058
Total	\$196,741	\$136,601	\$60,140

**GREEN TOWNSHIP  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**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.

Public utilities are also taxed on personal and real property located within the Township.

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.

**5. DEBT**

Debt outstanding at December 31, 2000 consisted of the following:

Bank Note for Road Grader purchase, collateralized by the Road Grader.

- Principal Outstanding      \$12,792
- Interest Rate                      5.40%

The annual requirements to amortize the outstanding debt of the Township as of December 31, 2000, including interest payments of \$1,068, are as follows:

<u>Year Ending December 31</u>	<u>Grader</u>
2001	\$5,544
2002	5,544
2003	<u>2,772</u>
Total	<u>\$13,860</u>

Capital Lease outstanding at December 31, 2000 consisted of the following:

The Township entered into a capital lease on April 5, 1998 with New Holland Credit Company in the amount of \$14,893 at 6.00% for a term of five years for the capital lease of a mower. Interest and principal are due annually.

- Principal Outstanding      \$6,116
- Interest Rate                      6.0%

**GREEN TOWNSHIP  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**5. DEBT (Continued)**

The annual requirements to amortize the outstanding capital lease of the Township as of December 31, 2000, including interest payments of \$556, are as follows:

<u>Year Ending December 31</u>	<u>Mower</u>
2001	\$3,335
2002	3,335
2003	<u>    1</u>
Total	<u>\$6,671</u>

**6. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries in 1999 and an amount equal to 10.84% in 2000.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

**8. COMPLIANCE**

Contrary to Ohio law, the Township did not maintain an accounting system and accounting records sufficient to enable the Township to identify, assemble, analyze, classify, record and report its transactions. In addition, the Township did not reconcile the individual funds with the bank from January 2000 through December 2000.

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

Green Township  
Adams County  
894 West Fork Road  
Stout, Ohio 45684

To the Board of Trustees:

We have audited the accompanying financial statements of Green Township, Adams County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 22, 2001. 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 of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2000-40401-01 through 2000-40401-002. We noted certain other immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 22, 2001.

**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 judgement, 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. The reportable conditions are described in the accompanying Schedule of Findings as items 2000-40401-001 through 2000-40401-002.

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 conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 22, 2001.

Green Township  
Adams County  
Report 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

June 22, 2001



**GREEN TOWNSHIP  
ADAMS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2000-40401-001**

**Material Noncompliance/Reportable Condition - Accounting and Reporting Records**

Ohio Admin. Code, Section 117-2-01, states that all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories.

“Internal Control” means a process effected by an entity’s governing board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of certain objectives, among them reliability of financial reporting.

Ohio Admin. Code, Section 117-2-02, requires that all local public offices maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions. The management of each local public office is responsible for the assertions underlying the information in the public office’s financial statements among them being completeness, which requires that all account balances and transactions that should be included in the financial records are included.

During the audit period, the records of the Township had not been properly reconciled for the period of January 1, 2000 through December 31, 2000. In addition, the Township did not prepare an annual financial report for the same period.

The annual financial report for 1999 was not completed correctly. Several errors were noted for various line items. Disbursements were not posted to the annual report, either by line item or total.

Receipt and Appropriation Ledgers were not always complete.

Due to these problems, additional costs were incurred by the Township for accounting services rendered by the Office of the Auditor of State to reconcile the records for the period of January 1, 1999 through December 31, 2000, and to classify receipts as well as other posting errors we noted.

We recommend the following:

1. Proper monthly bank reconciliations must be performed and each reconciling item be identified.
2. The Township file their annual financial report with the Auditor of State, as required by Section 117.38 of the Ohio Revised Code.
3. The receipts, disbursements, and fund cash balances in the annual financial report should agree with the cash book. Care should be taken when posting the annual report to properly classify receipts and disbursements.
4. Receipt and Appropriation Ledgers should be properly maintained and balanced monthly with the cash book, which would help complete the annual financial report correctly.
5. Care should be exercised when posting to the records to avoid errors and to make the records more legible.

**FINDING NUMBER 2000-40401-001  
(Continued)**

- 6. The Trustees should familiarize themselves with the bank reconciliation process and review the monthly bank reconciliations and bank statements to properly determine that correct balances are used for reconciliation and that the reconciliation is complete. The Trustees are the governing body and are responsible for the finances of the Township.
- 7. The Clerk, as the Chief Financial Officer, is responsible for maintaining the records and needs to exercise more care over the record keeping process.

**FINDING NUMBER 2000-40401-002**

**Material Noncompliance/Reportable Condition - Prior Certification of Funds**

**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, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need to be certified.

Prior certification was not obtained for any of the vouchers reviewed, and neither of the two certification exceptions described above was utilized. Failure to certify the availability of funds and encumber appropriations can result in overspending funds and negative cash fund balances. There were unrecorded purchase commitments as of December 31, 2000 in the General Fund of \$1,733 and Fire Fund of \$1,092. The financial statements have been adjusted to reflect these as Reserves for Encumbrances.

Furthermore, Ohio Rev. Code, Section 5705.36, requires the fiscal officer to certify to the County Auditor, on or about January 1, the amount available for expenditures in each fund in the budget, with year-end balances. Due to not certifying all year-end commitments, incorrect amounts were certified to the County Auditor for January 1, 2001.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**GREEN TOWNSHIP**

**ADAMS 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  
JULY 24, 2001**