



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**GREEN TOWNSHIP
BROWN COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Green Township
Brown County
17242 Minnick Road
Mt Orab, Ohio 45154

To the Board of Trustees:

We have audited the accompanying financial statements of Green Township, Brown 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 audit in accordance with auditing standards generally accepted in the United States of America 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 reserve 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 July 27, 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.

Green Township
Brown County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of the audit committee, 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

July 27, 2001

**GREEN TOWNSHIP
BROWN 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, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:				
Local Taxes	\$31,471	\$47,227		\$78,698
Intergovernmental	61,499	69,606		131,105
Licenses, Permits, and Fees		590		590
Earnings on Investments	3,337	1,112	147	4,596
Other Revenue	25	10,800		10,825
	<u>96,332</u>	<u>129,335</u>	<u>147</u>	<u>225,814</u>
Cash Disbursements:				
Current:				
General Government	49,236		100	49,336
Public Safety		25,892		25,892
Public Works	25,299	53,495		78,794
Health		14,477		14,477
Capital Outlay	480	6,889		7,369
	<u>75,015</u>	<u>100,753</u>	<u>100</u>	<u>175,868</u>
Total Receipts Over/(Under) Disbursements	<u>21,317</u>	<u>28,582</u>	<u>47</u>	<u>49,946</u>
Fund Cash Balances, January 1	<u>76,053</u>	<u>76,740</u>	<u>2,500</u>	<u>155,293</u>
Fund Cash Balances, December 31	<u>\$97,370</u>	<u>\$105,322</u>	<u>\$2,547</u>	<u>\$205,239</u>
Reserve for Encumbrances, December 31	<u>\$5,160</u>			<u>\$5,160</u>

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

**GREEN TOWNSHIP
BROWN 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, 1999**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:				
Local Taxes	\$30,329	\$43,146		\$73,475
Intergovernmental	48,967	64,214		113,181
Licenses, Permits, and Fees		740		740
Earnings on Investments	2,331	612	131	3,074
Other Revenue	57	11,350		11,407
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	81,684	120,062	131	201,877
Cash Disbursements:				
Current:				
General Government	46,857		131	46,988
Public Safety		27,830		27,830
Public Works	10,800	56,790		67,590
Health		13,213		13,213
Debt Service:				
Redemption of Principal	4,405			4,405
Interest and Fiscal Charges	184			184
Capital Outlay		320		320
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	62,246	98,153	131	160,530
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	19,438	21,909	0	41,347
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	56,615	54,831	2,500	113,946
Fund Cash Balances, December 31	<hr/> \$76,053 <hr/>	<hr/> \$76,740 <hr/>	<hr/> \$2,500 <hr/>	<hr/> \$155,293 <hr/>

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

**GREEN TOWNSHIP
BROWN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Green Township, Brown 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 bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Mt. Orab to provide fire services and ambulance services.

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 checking account and certificate of deposit with local commercial banks. Certificates of deposit are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash deposits 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:

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

Cemetery Fund - Receives proceeds from the sale of cemetery lots for maintaining Township cemeteries.

**GREEN TOWNSHIP
BROWN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds (continued)

Fire Levy Fund - Receives proceeds from the property tax levy for providing fire protection to Township residents.

3. Fiduciary Funds (Nonexpendable Trust)

This fund is used to account for resources restricted by a legally binding trust agreement. The Township had the following fiduciary fund:

Nonexpendable Trust Fund - This fund receives money from a certificate of deposit left to the Township by bequest of an individual for the care of the cemetery. The principal balance of the fund is to be maintained, with the interest proceeds to be used for cemetery maintenance.

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.

Contrary to Ohio law, the Township certified incorrect amounts available for expenditures in the general 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 certain 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.

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

**GREEN TOWNSHIP
BROWN COUNTY**

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

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$202,739	\$152,793
Certificates of Deposit	<u>2,500</u>	<u>2,500</u>
Total deposits	<u><u>\$205,239</u></u>	<u><u>\$155,293</u></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.

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	\$82,000	\$96,332	\$14,332
Special Revenue	113,350	129,335	15,985
Non-Expendable Trust	<u>130</u>	<u>147</u>	<u>17</u>
Total	<u><u>\$195,480</u></u>	<u><u>\$225,814</u></u>	<u><u>\$30,334</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$127,000	\$80,175	\$46,825
Special Revenue	181,000	100,753	80,247
Non-Expendable Trust	<u>130</u>	<u>100</u>	<u>30</u>
Total	<u><u>\$308,130</u></u>	<u><u>\$181,028</u></u>	<u><u>\$127,102</u></u>

**GREEN TOWNSHIP
BROWN COUNTY**

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

3. BUDGETARY ACTIVITY (continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,000	\$81,684	\$5,684
Special Revenue	110,483	120,062	9,579
Non-Expendable Trust	130	131	1
Total	\$186,613	\$201,877	\$15,264

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$114,805	\$62,246	\$52,559
Special Revenue	150,516	98,153	52,363
Non-Expendable Trust	130	131	(1)
Total	\$265,451	\$160,530	\$104,921

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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. RETIREMENT SYSTEMS

The Township's officials 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.

**GREEN TOWNSHIP
BROWN COUNTY**

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

6. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the pool:

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

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

Green Township
Brown County
17242 Minnick Road
Mt Orab, Ohio 45154

To the Board of Trustees:

We have audited the accompanying financial statements of Green Township, Brown County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 27, 2001. 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 *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 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 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 2000-40408-001 and 2000-40408-002. We also noted immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated July 27, 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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 condition is described in the accompanying schedule of findings as item 2000-40408-001.

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 financials 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 is a material weakness.

We also noted other matters involving the internal control structure over financial reporting that do not require inclusion in this report that we have reported to the management of the Township in a separate letter dated July 27, 2001.

Green Township
Brown 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 the audit committee, 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

July 27, 2001

**GREEN TOWNSHIP
BROWN COUNTY**

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

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

FINDING NUMBER 2000-40408-001

Material Noncompliance/Reportable Condition

Ohio Revised Code, Section 5705.41(D), provides that a subdivision or taxing unit shall not make any contract or order involving the disbursement 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. Every such contract made without such certificate shall be null and void and no warrant shall be issued in payment.

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 previous encumbrances, the Township Trustees may authorize the issuance of a warrant in payment of amount due upon such contract or order by resolution within thirty (30) days from the receipt of such certificate; and
- B. If the amount involved is less than one thousand dollars (\$1,000), the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Township 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 be certified.

Contrary to the above requirement, the availability of funds was not certified for all commitments at December 31, 2000 for the General Fund in the amount of \$5,160. Additionally, prior certification was not obtained for 6% of the 1999 and 20% of the 2000 vouchers reviewed and neither of the two exceptions provided for above were utilized. Failure to certify the availability of funds and encumber appropriations can result in overspending funds and negative cash fund balances. Therefore, we recommend the Township obtain approved purchase orders, which contain the Treasurer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment. The financial statements have been adjusted to properly reflect these encumbrances.

Furthermore, Ohio Revised 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.

FINDING NUMBER 2000-40408-002

Noncompliance - Finding for Recovery

Ohio Revised Code, Section 505.24, sets the Trustee's compensation based upon the Township's budget. In May of 1996, this code section was modified by the General Assembly to provide an annual 3% salary increase to Township Trustees. However, Township Trustees were prohibited from receiving this increase during that term of office. This increase in salary became effective when the Trustee started a new term of office after May of 1996. Payroll records show that Doug Williams, Township Trustee received the 3% increase, during December of 1999. Based on his term of office, he should not have received the increase until he started his new term of office as of January 1, 2000. Therefore, Doug Williams was overpaid \$180.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Doug Williams and the Ohio Township Risk Management Authority (OTRMA), his bonding company, and in favor of Green Township, in the amount of one hundred eighty dollars (\$180).



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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GREEN TOWNSHIP

BROWN 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
SEPTEMBER 11, 2001**