

**GREEN TOWNSHIP, OHIO  
ASHLAND COUNTY**

**INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2005**





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Green Township, Ashland County  
2822 TR 749  
Loudonville, OH 44842

We have reviewed the *Independent Auditor's Report* of Green Township, Ashland County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2005 to December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Green Township, Ashland County is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

December 6, 2007

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**GREEN TOWNSHIP, OHIO  
ASHLAND COUNTY  
FOR THE YEAR ENDED  
DECEMBER 31, 2005**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Green Township, Ashland County

We have audited the accompanying financial statements of the Governmental activities, each major fund, and the aggregate remaining fund information of Green Township, Ashland County (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonable assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 2, the Township, prepares its financial statements and notes on the modified cash basis, which is a comprehensive basis of accounting 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 financial position – modified cash basis of the Governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2005, and the respective changes in financial position – modified cash basis, and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Greenlawn-Union Cemetery Special Levy Fund and the Green/Perrysville Fire Special Levy Fund for the year then ended in conformity with the basis of accounting described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2007, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to

**INDEPENDENT AUDITOR'S REPORT** (continued)

provide an opinion on the internal control over financial reporting or on compliance. That report is in an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required to accompany those financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Varney, Fink & Associates*

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

October 26, 2007

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

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

**Highlights**

Key highlights for 2005 are as follows:

With less than 1% increase as compared to the prior year, Net assets of Governmental activities held nearly steady.

The Township's general receipts are primarily property and other taxes. These receipts represent approximately 63 percent of the total cash received for Governmental activities during the year. Property and other tax receipts for 2005 increased slightly as compared to 2004 amounts. The Township did not receive a windfall of estate tax as it did in 2004.

The Township did realize an increase in interest revenue in all funds due to a rebound in interest rates. However, the increase in this source of revenue was not enough to offset the continued "freeze" on local government money in the General Fund or the increase of expenditures across all funds.

Repayment of debt service for a 1992 bond issue to construct the Green-Perrysville Fire District building, continued to be on target.

**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 modified cash basis of accounting.

**Report Components**

The Statement of Net Assets and the Statement of Activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic 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 basic financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles.



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

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Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified 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 2005, within the limitations of modified cash basis accounting. The Statement of Net Assets presents the cash balances and investments at year end. The Statement of Activities compares cash disbursements with program receipts for each Governmental area. 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 modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the Statement of Net Assets and the Statement of Activities presents Governmental activities, which includes all of the Township's services. The Township has no business-type activities.

Governmental Activities. Most of the Township's basic services are reported here. Property taxes finance most of these activities. Benefits provided through Governmental activities are not necessarily paid for by the people receiving them.

**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 consisted only of Governmental funds.

Governmental Funds - Most of the Township's activities are reported in Governmental funds. The Governmental fund financial statements provide a detailed view of the Township's Governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant Governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not

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

large enough to warrant separate reporting) is combined and presented in total in a single column. The Township major Governmental funds are: General Fund, Gasoline Tax Fund, Road and Bridge Fund, Greenlawn-Union Cemetery Special Levy Fund, Green/Perrysville Fire Special Levy Fund, Fire Station Bond Retirement Fund and Dump Truck Fund. The programs reported in Governmental funds are closely related to those reported in the Governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the Governmental fund financial statements.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2005. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of data has not been presented. In future years when prior information is available, a comparative analysis will be presented.

(Table 1)  
**Net Assets**

Assets	Governmental Activities 2005
Cash and Cash Equivalents	\$82,976
Investment	286,627
<b>Total Assets</b>	<b>\$369,603</b>
Net Assets	
Restricted for:	
Debt Service	\$138,726
Capital Outlay	50,017
Other Purposes	132,286
Unrestricted	48,574
<b>Total Net Assets</b>	<b>\$369,603</b>

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

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

	Governmental Activities 2005
Receipts:	
Program Receipts:	
Charges for Services	\$3,492
Operating Grants and Contributions	90,625
Capital Grants and Contributions	7,241
<b>Total Program Receipts</b>	<b>101,358</b>

Green Township, Ashland County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
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General Receipts:	
Property Taxes	245,978
Other Taxes	46,263
Grants and Entitlements Not Restricted to Specific Programs	45,356
Earnings on Investments	9,552
Miscellaneous	13,223
Total General Receipts	360,372
Total Receipts	461,730
Disbursements:	
General Government	120,694
Public Safety	74,780
Health	22,848
Public Works	174,530
Human Services	7,241
Capital Outlay	181
Principal Retirement	35,000
Interest and Fiscal Charges	23,324
Total Disbursements	458,598
Increase in Net Assets	3,132
Net Assets, January 1, 2005	366,471
Net Assets, December 31, 2005	\$369,603

Program receipts represent only 22 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 78 percent of the Township's total receipts, and of this amount, over 81 percent are property and other taxes. State and Federal grants and entitlements make up the majority of the balance of the Township's general receipts (13 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township. The majority of these expenses relate to costs associated with the general administrative needs of the Township, including costs associated with payroll and benefits.

Public Safety costs are those associated with fire protection and related services in the form of Special Revenue fire protection levies. Health costs are associated with the upkeep and maintenance of Greenlawn-Union Cemetery in the form of Special Revenue cemetery levies. The majority of the Public Works disbursements are costs associated with road equipment maintenance/repair and the repair of Township roads. Human Services are costs related to the administration of Bethesda and County Line Cemeteries; Principal Retirement and Interest and Fiscal Charges are for administrative fees and

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

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repayment of principal and interest for the Fire Station Bond Retirement Fund project (construction of the Green-Perrysville Fire District fire station approved by the voters in 1992).

**Governmental Activities**

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for Governmental activities are for Public Works and General Government, which account for 38 and 26 percent of all Township disbursements, respectively. Public Safety also represents a significant cost, about 16 percent. The next columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net (Disbursements) Receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is present in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost Of Services 2005	Net Cost Of Services 2005
General Government	\$120,694	(\$120,694)
Public Works	174,530	(76,664)
Public Safety	74,780	(74,780)
Health	22,848	(22,848)
Human Services	7,241	(7,241)
Other	0	3,492
Capital Outlay	181	(181)
Principal Retirement	35,000	(35,000)
Interest and Fiscal Charges	23,324	(23,324)
Total Expenses	\$458,598	(\$357,240)

The dependence upon property and other taxes receipts is apparent as over 63 percent of Governmental activities are supported through these general receipts.

**The Township's Funds**

Total Governmental funds had receipts of \$472,730 and disbursements of \$469,598. The greatest change within Governmental funds occurred within the General Fund and Gasoline Tax Fund.

General Fund receipts were less than disbursements by \$21,147 indicating that the General Fund could be in a deficit spending situation. However, the carryover balance in the General Fund will be sufficient. Continued prudent use of Township monies combined with anticipated increased revenue from rebounding interest rates as well as the likelihood of increased revenue from the Mohican Lodge bed tax should help alleviate this situation.

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

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**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 receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2005, the Township amended its General Fund budget as needed to reflect changing circumstances. The reader should be alerted to the fact that the \$10,000 transferred from the General Fund to the Dump Truck Fund becomes part of the final budgeted receipts even though no additional money has been received. The inclusion of the \$10,000 as "part of the final budgeted receipts" can quite likely be a source of confusion to the reader.

**Capital Assets and Debt Administration**

Capital Assets

The Township has chosen not to report capital assets.

Debt

At December 31, 2005, the Township's outstanding debt included \$290,000 in general obligation bonds issued for the construction of the Green-Perrysville Fire District fire station building. For further information regarding the Township's debt, refer to Note 10 to the basic 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 property and other taxes and have very little industry to support the tax base.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Andrea Purcell, Fiscal Officer of Green Township, Ashland County, Ohio.

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

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$82,976
Investments	286,627
<i>Total Assets</i>	<b>\$369,603</b>
 <b>Net Assets</b>	
Restricted for:	
Capital Projects	\$50,017
Debt Service	138,726
Permanent Fund: Bethesda: Maintenance	
Expendable	6,375
Non-Expendable	1,150
Other Purposes	124,761
Unrestricted	48,574
<i>Total Net Assets</i>	<b>\$369,603</b>

See accompanying notes to the basic financial statements

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

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
General Government	\$120,694	\$0	\$0	\$0	(\$120,694)
Public Safety	74,780	0	0	0	(74,780)
Public Works	174,530	0	90,625	7,241	(76,664)
Health	22,848	0	0	0	(22,848)
Human Services	7,241	0	0	0	(7,241)
Other	0	3,492	0	0	3,492
Capital Outlay	181	0	0	0	(181)
Debt Service:					
Principal Retirement	35,000	0	0	0	(35,000)
Interest and Fiscal Charges	23,324	0	0	0	(23,324)
<i>Total Governmental Activities</i>	<u>\$458,598</u>	<u>\$3,492</u>	<u>\$90,625</u>	<u>\$7,241</u>	<u>(357,240)</u>
<b>General Receipts</b>					
					245,978
Property Taxes					46,263
Other Taxes					45,356
Grants and Entitlements not Restricted to Specific Programs					9,552
Earnings on Investments					13,223
Miscellaneous					
<i>Total General Receipts</i>					<u>360,372</u>
Change in Net Assets					3,132
<i>Net Assets Beginning of Year</i>					<u>366,471</u>
<i>Net Assets End of Year</i>					<u>\$369,603</u>

See accompanying notes to the basic financial statements

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

	General	Gasoline Tax	Road and Bridge	Greenlawn Special Levy	Green/Perrysville Fire Special Levy	Fire Station Bond Retirement	Dump Truck	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>									
Equity in Pooled Cash and Cash Equivalents	\$11,799	\$39,419	\$5,382	\$0	\$963	\$1,538	\$0	\$23,875	\$82,976
Investments	36,775	0	57,149	0	0	137,188	50,017	5,498	286,627
<i>Total Assets</i>	<u>\$48,574</u>	<u>\$39,419</u>	<u>\$62,531</u>	<u>\$0</u>	<u>\$963</u>	<u>\$138,726</u>	<u>\$50,017</u>	<u>\$29,373</u>	<u>\$369,603</u>
<b>Fund Balances</b>									
Reserved:									
Reserved for Encumbrances	\$820	\$0	\$0	\$0	\$963	\$0	\$0	\$0	\$1,783
Unreserved:									
Undesignated (Deficit), Reported in:									
General Fund	47,754	0	0	0	0	0	0	0	47,754
Special Revenue Funds	0	39,419	62,531	0	0	0	0	21,848	123,798
Debt Service Fund	0	0	0	0	0	138,726	0	0	138,726
Capital Projects Funds	0	0	0	0	0	0	50,017	0	50,017
Permanent Fund	0	0	0	0	0	0	0	7,525	7,525
<i>Total Fund Balances</i>	<u>\$48,574</u>	<u>\$39,419</u>	<u>\$62,531</u>	<u>\$0</u>	<u>\$963</u>	<u>\$138,726</u>	<u>\$50,017</u>	<u>\$29,373</u>	<u>\$369,603</u>

See accompanying notes to the basic financial statements



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

	Greenlawn-Union							Other Governmental Funds	Total Governmental Funds
	General	Gasoline Tax	Road and Bridge	Cemetery Special Levy	Green/Perrysville Fire Special Levy	Fire Station Bond Retirement	Dump Truck		
<b>Receipts</b>									
Property and Other Local Taxes	\$73,144	\$0	\$82,463	\$20,070	\$71,364	\$45,200	\$0	\$0	\$292,241
Licenses, Permits and Fees	3,492	0	0	0	0	0	0	0	3,492
Intergovernmental	28,499	77,233	7,646	1,137	4,379	3,695	0	20,633	143,222
Earnings on Investments	9,249	128	0	0	0	0	0	175	9,552
Miscellaneous	0	4,104	6,256	0	0	0	0	0	10,360
<i>Total Receipts</i>	<u>114,384</u>	<u>81,465</u>	<u>96,365</u>	<u>21,207</u>	<u>75,743</u>	<u>48,895</u>	<u>0</u>	<u>20,808</u>	<u>458,867</u>
<b>Disbursements</b>									
Current:									
General Government	120,694	0	0	0	0	0	0	0	120,694
Public Safety	0	0	0	0	74,780	0	0	0	74,780
Public Works	4,878	66,284	91,910	0	0	0	0	11,458	174,530
Health	1,641	0	0	21,207	0	0	0	0	22,848
Human Services	0	0	0	0	0	0	0	7,241	7,241
Capital Outlay	181	0	0	0	0	0	0	0	181
Debt Service:									
Principal Retirement	0	0	0	0	0	35,000	0	0	35,000
Interest and Fiscal Charges	0	0	0	0	0	23,324	0	0	23,324
<i>Total Disbursements</i>	<u>127,394</u>	<u>66,284</u>	<u>91,910</u>	<u>21,207</u>	<u>74,780</u>	<u>58,324</u>	<u>0</u>	<u>18,699</u>	<u>458,598</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(13,010)</u>	<u>15,181</u>	<u>4,455</u>	<u>0</u>	<u>963</u>	<u>(9,429)</u>	<u>0</u>	<u>2,109</u>	<u>269</u>
<b>Other Financing Sources (Uses)</b>									
Transfers In	0	0	0	0	0	0	10,000	1,000	11,000
Transfers Out	(10,000)	0	0	0	0	0	0	(1,000)	(11,000)
Other Financing Sources	1,863	0	0	0	0	0	0	1,000	2,863
<i>Total Other Financing Sources (Uses)</i>	<u>(8,137)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>1,000</u>	<u>2,863</u>
<i>Net Change in Fund Balances</i>	<u>(21,147)</u>	<u>15,181</u>	<u>4,455</u>	<u>0</u>	<u>963</u>	<u>(9,429)</u>	<u>10,000</u>	<u>3,109</u>	<u>3,132</u>
<i>Fund Balances Beginning of Year</i>	<u>69,721</u>	<u>24,238</u>	<u>58,076</u>	<u>0</u>	<u>0</u>	<u>148,155</u>	<u>40,017</u>	<u>26,264</u>	<u>366,471</u>
<i>Fund Balances End of Year</i>	<u>\$48,574</u>	<u>\$39,419</u>	<u>\$62,531</u>	<u>\$0</u>	<u>\$963</u>	<u>\$138,726</u>	<u>\$50,017</u>	<u>\$29,373</u>	<u>\$369,603</u>

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$76,803	\$76,803	\$73,144	(\$3,659)
Licenses, Permits and Fees	2,595	2,595	3,492	897
Intergovernmental	28,531	28,531	28,499	(32)
Earnings on Investments	3,585	3,585	9,249	5,664
<i>Total Receipts</i>	111,514	111,514	114,384	2,870
<b>Disbursements</b>				
Current:				
General Government	136,906	136,906	121,514	15,392
Public Works	41,743	31,743	4,878	26,865
Health	1,800	1,800	1,641	159
Capital Outlay	1,000	1,000	181	819
<i>Total Disbursements</i>	181,449	171,449	128,214	43,235
<i>Excess of Receipts Over (Under) Disbursements</i>	(69,935)	(59,935)	(13,830)	46,105
<b>Other Financing Sources (Uses)</b>				
Transfers Out	0	(10,000)	(10,000)	0
Other Financing Sources	0	0	1,863	1,863
<i>Total Other Financing Sources (Uses)</i>	0	(10,000)	(8,137)	1,863
<i>Net Change in Fund Balance</i>	(69,935)	(69,935)	(21,967)	47,968
<i>Fund Balance Beginning of Year</i>	67,882	67,882	67,882	0
Prior Year Encumbrances Appropriated	1,839	1,839	1,839	0
<i>Fund Balance End of Year</i>	(\$214)	(\$214)	\$47,754	\$47,968

See accompanying notes to the basic financial statements

**Green Township, Ashland 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>		
<b>Receipts</b>				
Intergovernmental	\$58,710	\$58,710	\$77,233	\$18,523
Earnings on Investments	77	77	128	51
Miscellaneous	0	0	4,104	4,104
<i>Total Receipts</i>	<u>58,787</u>	<u>58,787</u>	<u>81,465</u>	<u>22,678</u>
<b>Disbursements</b>				
Current:				
Public Works	83,025	83,025	66,284	16,741
<i>Total Disbursements</i>	<u>83,025</u>	<u>83,025</u>	<u>66,284</u>	<u>16,741</u>
<i>Net Change in Fund Balance</i>	(24,238)	(24,238)	15,181	39,419
<i>Fund Balance Beginning of Year</i>	24,238	24,238	24,238	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$39,419</u>	<u>\$39,419</u>

See accompanying notes to the basic financial statements

**Green Township, Ashland, 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*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$80,038	\$80,038	\$82,463	\$2,425
Intergovernmental	6,500	6,500	7,646	1,146
Miscellaneous	0	0	6,256	6,256
<i>Total Receipts</i>	<u>86,538</u>	<u>86,538</u>	<u>96,365</u>	<u>9,827</u>
<b>Disbursements</b>				
Current:				
Public Works	144,614	144,614	91,910	52,704
<i>Total Disbursements</i>	<u>144,614</u>	<u>144,614</u>	<u>91,910</u>	<u>52,704</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(58,076)</u>	<u>(58,076)</u>	<u>4,455</u>	<u>62,531</u>
<i>Net Change in Fund Balance</i>	(58,076)	(58,076)	4,455	62,531
<i>Fund Balance Beginning of Year</i>	57,808	57,808	57,808	0
Prior Year Encumbrances Appropriated	268	268	268	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$62,531</u>	<u>\$62,531</u>

See accompanying notes to the basic financial statements

**Green Township, Ashland County**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual - Budget Basis  
Greenlawn-Union Cemetery Special Levy Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$18,356	\$19,873	\$20,070	\$197
Intergovernmental	1,250	1,334	1,137	(197)
<i>Total Receipts</i>	<u>19,606</u>	<u>21,207</u>	<u>21,207</u>	<u>0</u>
<b>Disbursements</b>				
Current:				
Health	19,606	21,207	21,207	0
<i>Total Disbursements</i>	<u>19,606</u>	<u>21,207</u>	<u>21,207</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

**Green Township, Ashland County**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual - Budget Basis  
Green/Perrysville Fire Special Levy Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$65,592	\$70,712	\$71,364	\$652
Intergovernmental	4,750	5,031	4,379	(652)
<i>Total Receipts</i>	<u>70,342</u>	<u>75,743</u>	<u>75,743</u>	<u>0</u>
<b>Disbursements</b>				
Current:				
Public Safety	70,342	75,743	75,743	0
<i>Total Disbursements</i>	<u>70,342</u>	<u>75,743</u>	<u>75,743</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

**Note 1 – Reporting Entity**

Green Township, Ashland County, Ohio (the Township) is a body politic and corporate 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Village of Perrysville and the Village of Loudonville to provide fire protection and EMS service.

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

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

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified 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. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**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.

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

**Government-Wide Financial Statements**

The Statement of Net Assets and the Statement of Activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are Governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township does not currently have any business-type activities.

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 modified 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. All of the Township's funds are categorized as governmental.

**Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as Governmental funds. The Township's major Governmental funds are the General Fund, Gasoline Tax fund, Road and Bridge Fund, Greenlawn-Union Cemetery Special Levy Fund, Green/Perrysville Fire Special Levy Fund, Fire Station Bond Retirement Fund and Dump Truck Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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



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

**C. Basis of Accounting**

The Township's basic financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the basic 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. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this modified 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, program, 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 Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

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

**E. Cash and Investments**

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

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool and investments 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.

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

**E. Cash and Investments** (continued)

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 nonnegotiable certificates of deposit, U.S. Treasury Bills, and STAR Ohio. The nonnegotiable certificates of deposit and the U.S. Treasury Bill are reported at cost.

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

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$9,249 which includes \$4,518 assigned from other Township funds.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township did not have any Restricted Assets.

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Interfund Receivables/Payables**

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying basic financial statements.

**J. 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 modified cash basis of accounting.

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

**K. 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.

**L. Long-Term Obligations**

The Township's modified 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.

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for permanent funds and interest earned on Bond Retirement Fund investments. 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.

**N. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation of which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**O. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the basic financial statements.

**Note 3 – Change in Basis of Accounting**

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 modified 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.

In March of 2003 GASB issued Statement No. 40, Deposit and Investment Risk Disclosures (an amendment to GASB Statement No.3). This statement amends Statement No. 3 and addresses additional cash and investment risks to which government are exposed. Generally, this statement requires that state and local government communicate key information about such risks in four principle areas: investment credit risks, including credit quality information issued by rating agencies; interest rate disclosures that

**Note 3 – Change in Basis of Accounting** (continued)

included investment maturity information; interest rate sensitivity for investments that are highly sensitive to changes in interest rates; and foreign exchange exposures that would indicate the foreign investment's denomination. The provisions of this statement are effective for financial statements for the year ending December 31, 2005. The implementation of this GASB had no impact on the financial position of the Township at December 31, 2005.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of 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, Greenlawn-Union Cemetery Special Levy Fund, and Green/Perrysville Fire Special Levy Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the modified cash basis is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$820 for the General Fund and \$963 for the Green/Perrysville Fire Special Levy Fund. There were not any outstanding advances at year end.

**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
2. Certificates of Deposit
3. The State Treasurer's investment pool (STAR Ohio).

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

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

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**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.

At year end, the Township did not have any undeposited cash on hand.

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 possession of an outside party. At year end, Township’s bank balance of \$93,424 was covered by the Federal Deposit Insurance Corporation (FDIC).

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, 2005, the Township had the following investments:

	Carrying Value	Maturity
U.S. Treasury Bill	\$500	07/28/08
Certificate of Deposit	500	10/08/2007
Certificate of Deposit	250	06/12/2007
STAR Ohio	285,377	Average
Total Portfolio	\$286,627	

Investment Type	Investments		
	Carrying Value	Maturities (in Years)	
		Less than 1	More than 1
U.S. Treasury Bills	\$500	\$0	\$500
Certificate of Deposit	500	500	0
Certificate of Deposit	250	250	0
STAR Ohio	285,377	285,377	0
Total Investments	\$286,627	\$286,127	\$500

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

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

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in State statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**Note 6 – Property Taxes**

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

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

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

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

The full tax rate for all Township operations for the year ended December 31, 2005, was \$5.90 per \$1,000 of assessed value (2.5 mil levied inside the 10 mil limit; 2.40 mil levied outside the 10 mil limit). The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based as follows:

Real Property	
Residential & Agriculture	\$79,618,300
Other	8,010,500
Public Utility Property	19,055,800
Tangible Personal Property	13,071,552
Total Assessed Value	\$119,756,152

**Note 7 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005 the Township contracted with the firm Whitaker-Myers, Wooster, Ohio for insurance coverage. Coverage provided by Whitaker-Myers is as follows:

Legal Liability	\$2,000,000	Per Occurrence
Automobile Liability	\$2,000,000	Per Occurrence
Wrongful Acts	\$2,000,000	Per Occurrence
Property	\$1,049,945	Total Coverage
Boiler and Machinery	\$1,049,945	Limit

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

The Township has a policy whereby elected officials and employees can be reimbursed for privately obtained health insurance for themselves and their immediate family members. A copy of this entire policy is on file with the Township Fiscal Officer.

**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. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional

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

**A. Ohio Public Employees Retirement System** (continued)

plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

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

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$10,559, \$10,061, and \$9,566, respectively. The full amount has been contributed for 2005, 2004 and 2003.

**Note 9 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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



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

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**Note 9 - Postemployment Benefits** (continued)

**A. Ohio Public Employees Retirement System** (continued)

investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$4,423. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**Note 10 – Debt**

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

	Interest Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
1992 Issue						
(Original Amount \$580,000)	7.0%	\$325,000	\$0	\$35,000	\$290,000	\$40,000

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:

<u>Year</u>	<u>G.O. Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$40,000	\$20,300
2007	45,000	17,500
2008	45,000	14,350
2009	50,000	11,200
2010	55,000	7,700
2011 (last year)	55,000	3,850
Totals	\$290,000	\$74,900

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.

**Note 11 Interfund Transfers**

During 2005 the following transfers were made:

Transfer from the General Fund to Dump Truck Fund	\$10,000
Transfer from Other Governmental Funds to Other Governmental Funds	\$1,000

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The transfer from the General Fund to the Dump Truck Fund is for the purchase of a dump truck.

The transfer from Motor Vehicle License Tax Fund to the Culvert Fund was for repair and maintenance of the Township's culverts.

**Note 12 – Contingent Liabilities**

A controversy exists between the Board of Trustees of Green Township as the taxing authority of the Green-Perrysville Fire District and the Village of Perrysville to which Counsel has provided the following:

1. A certain fire protection contract between these two entities for fire protection provided by the Village of Perrysville within the Green-Perrysville Fire District, including additional money the Village of Perrysville alleges it is due over and above what it has been paid under this existing four-year contract, and that the total amount in controversy is probably no more than about \$3,850 per year over a four-year period (i.e., or about \$15,400). It is not possible to predict the ultimate outcome of this controversy at the present time, particularly where the outcome of this controversy is likely dependent upon the outcome of Item #2, below.
2. Competing claims over the ownership of the fire station building built at a cost of about \$580,000 and paid for with bond money received through a 1. mil bond issue for 20 years, passed by the voters of the Green-Perrysville Fire District at the election held on May 8, 1990. It is not possible to predict the ultimate outcome of this complex controversy at the present time. The Trustees have filed suit against the Village of Perrysville to have this issue resolved. Management cannot presently determine the outcome of this suit

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the Federal Government (FEMA). Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 13 – Related Organizations**

Green Township has one trustee designated as a board member for the Greenlawn-Union Cemetery. The Township is not financially accountable to this cemetery board, other than serving as the taxing authority for the purpose of placing operating/maintenance levies on the ballot for voter consideration.

**Note 14 - Compliance**

Contrary to Ohio Revised Code section 5705.39, total appropriations from each fund shall not exceed total estimated revenue.

Contrary to Ohio Revised Code Section 5705.41(D) the Township did not establish by resolution or ordinance the maximum amount for the blanket certificates.

Contrary to Ohio Revised Code Section 5705.14, 5705.15 and 5705.16 money was improperly transferred from the Road and Bridge fund to the Dump Truck fund.

Contrary to Ohio Revised Code Section 5705.38 appropriations were amended in the accounting system without obtaining proper Board authorization.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

Board of Trustees  
Green Township, Ashland County

We have audited the financial statements of the Governmental activities, each major fund, and the aggregate remaining fund information of Green Township, Ashland County (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated October 26, 2007, wherein we noted the Township prepares its financial statements on the modified cash basis of accounting. 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.

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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the following deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting: 2005-001 and 2005-002.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (continued)**

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

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 disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above we consider items 2005-001 and 2005-002 to be material weaknesses.

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2005-001 and 2005-002.

We also noted certain matters that we reported to management of the Township, in a separate letter dated October 26, 2007.

The Township's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Township's response and, accordingly, we express no opinion on it.

This report is intended solely 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 those specified parties.

*Varney, Fink & Associates*

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

October 26, 2007

**GREEN TOWNSHIP  
ASHLAND COUNTY**

SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
DECEMBER 31, 2005  
FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED  
TO BE REPORTED IN ACCORDANCE WITH GAGAS

**Finding Number 2005-001**

Sections 5705.14, 5705.15 and 5705.16, Revised Code, provide guidelines pertaining to allowable interfund transfers.

The taxing authority of any political subdivision with the approval of the Tax Commissioner and of the Court of Common Pleas may transfer from one fund to another any public funds under its supervision, except the proceeds of balances of:

- loans
- bond issues
- special levies for the payment of loans or bond issues,
- the proceeds or balances of funds derived from any excise tax levied by law for a specified purpose, and
- the proceeds or balances of any license fees imposed by law for a specified purpose.

During 2005, the Township transferred \$20,000 from the Road and Bridge Fund to the Dump Truck Fund. An adjustment has been made on the Township's books to return the \$20,000 back to the Road and Bridge Fund and that adjustment has been reflected in the audited financial statements.

**Corrective Action**                      **Contact Person:**        **Andrea Purcell, Fiscal Officer**

The funds have been returned to the Road and Bridge Fund and future transfers will be done in accordance with the Ohio Revised Code.

**Finding Number 2005-002**

Section 5705.38, Revised Code, states, in part, that the taxing authority of each subdivision (Board of Trustees in a Township) shall be the ones to pass an appropriation measure and any supplemental appropriation measures. Section 5705.40, Revised Code, provides that any appropriation measure may be amended or supplemental provided that such amendment or supplement complies with all provisions of law governing the taxing authority in making the original appropriation.

During 2005, appropriations were amended in the accounting system without the approval of the Board of Trustees. Since these appropriations were not legally enacted, they were disregarded for purposes of this report. As the Township's legislative authority, the Board should approve all appropriations prior to the Clerk amending the Township's appropriations in the accounting system.

**Corrective Action**                      **Contact Person:**        **Andrea Purcell, Fiscal Officer**

The Board of Trustees will approve all appropriations prior to the Fiscal Officer amending the Township's appropriations in the accounting system.



**Mary Taylor, CPA**  
Auditor of State

**GREEN TOWNSHIP**

**ASHLAND 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  
DECEMBER 18, 2007**