

**GREEN TOWNSHIP**

CLARK COUNTY

**REGULAR AUDIT**

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2006





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Green Township  
5730 Springfield Jamestown Road  
Springfield, Ohio 45502

We have reviewed the *Independent Accountants' Report* of Green Township, Clark County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2006 through December 31, 2007. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 21, 2008

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**GREEN TOWNSHIP  
CLARK COUNTY**

TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report	1 - 2
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2007	4
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2006	5
Notes to the Financial Statements	6-14
Independent Accountants' Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	15
Schedule of Findings	17-21
Schedule of Prior Audit Findings	22

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**MANNING & ASSOCIATES CPAS, LLC  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414**

**INDEPENDENT ACCOUNTANTS' REPORT**

Board of Trustees  
Green Township  
5730 Springfield Jamestown Rd.  
Springfield, Ohio 45502-9414

We have audited the accompanying financial statements of Green Township, Clark County, (the Township) as of and for the years ended December 31, 2007 and 2006. 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 reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Green Township, Clark County, as of December 31, 2007 and 2006, and its combined cash receipts, disbursements, and encumbrances for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC  
Dayton, Ohio

September 18, 2008



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**GREEN TOWNSHIP  
CLARK COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007

	GOVERNMENTAL FUND TYPES			Total
	General	Special Revenue	Permanent	(Memorandum Only)
<b>Cash Receipts:</b>				
Taxes	\$ 10,540	\$ 313,107	\$ 0	\$ 323,647
Charges for Services	0	49,394	0	49,394
Licenses, Permits and Fees	0	900	0	900
Intergovernmental Receipts	30,409	190,214	0	220,623
Earnings on Investments	45,916	7,288	21	53,225
Miscellaneous	37	803	0	840
Total Cash Receipts	<u>86,902</u>	<u>561,706</u>	<u>21</u>	<u>648,629</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	36,997	0	0	36,997
Public Safety	0	212,822	0	212,822
Public Works	0	247,168	0	247,168
Health	7,000	375	0	7,375
Capital Outlay	0	61,562	0	61,562
Debt Service:				
Redemption of Principal	0	21,413	0	21,413
Interest and Other Fiscal Charges	0	16,173	0	16,173
Total Cash Disbursements	<u>43,997</u>	<u>559,513</u>	<u>0</u>	<u>603,510</u>
Total Receipts Over/(Under) Disbursements	<u>42,905</u>	<u>2,193</u>	<u>21</u>	<u>45,119</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	0	2,800	0	2,800
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>2,800</u>	<u>0</u>	<u>2,800</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>42,905</u>	<u>4,993</u>	<u>21</u>	<u>47,919</u>
<b>Fund Cash Balances, January 1</b>	<u>132,203</u>	<u>838,351</u>	<u>3,283</u>	<u>973,837</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 175,108</u>	<u>\$ 843,344</u>	<u>\$ 3,304</u>	<u>\$ 1,021,756</u>
<b>Reserve for Encumbrances, December 31</b>	<u>\$ 267</u>	<u>\$ 1,638</u>	<u>\$ 0</u>	<u>\$ 1,905</u>

The Notes to the Financial Statements are an integral part of this statement.

**GREEN TOWNSHIP  
CLARK COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<b>GOVERNMENTAL FUND TYPES</b>			<b>Total</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Permanent</b>	<b>(Memorandum Only)</b>
<b>Cash Receipts:</b>				
Taxes	\$ 12,023	\$ 294,075	\$ 0	\$ 306,098
Charges for Services	0	44,845	0	44,845
Licenses, Permits and Fees	29,061	1,350	0	30,411
Intergovernmental Receipts	0	197,330	0	197,330
Earnings on Investments	36,720	6,425	16	43,161
Miscellaneous	84	12,840	0	12,924
<b>Total Cash Receipts</b>	<u>77,888</u>	<u>556,865</u>	<u>16</u>	<u>634,769</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	38,430	0	0	38,430
Public Safety	0	206,868	0	206,868
Public Works	0	154,628	0	154,628
Health	2,593	1,787	0	4,380
Capital Outlay	0	1,861	0	1,861
Debt Service:				
Redemption of Principal	0	65,135	0	65,135
Interest and Other Fiscal Charges	0	18,865	0	18,865
<b>Total Cash Disbursements</b>	<u>41,023</u>	<u>449,144</u>	<u>0</u>	<u>490,167</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>36,865</u>	<u>107,721</u>	<u>16</u>	<u>144,602</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Fixed Assets	0	44,000	0	44,000
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>0</u>	<u>44,000</u>	<u>0</u>	<u>44,000</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>36,865</u>	<u>151,721</u>	<u>16</u>	<u>188,602</u>
<b>Fund Cash Balances, January 1</b>	<u>95,338</u>	<u>686,630</u>	<u>3,267</u>	<u>785,235</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 132,203</u>	<u>\$ 838,351</u>	<u>\$ 3,283</u>	<u>\$ 973,837</u>
<b>Reserve for Encumbrances, December 31</b>	<u>\$ 267</u>	<u>\$ 1,624</u>	<u>\$ 0</u>	<u>\$ 1,891</u>

The Notes to the Financial Statements are an integral part of this statement.

**GREEN TOWNSHIP  
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Green Township, Clark County, (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township and Mad River Township united in 2002 to provide fire fighting services to those areas of Green and Mad River Townships formerly served by Hustead Fire and EMS Departments (see note 8).

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 a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash and Investments**

The Township utilizes a checking account, money market demand deposit account, and savings accounts.

**D. Fund Accounting**

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

**General Fund:**

The General Fund reports all financial resources except those required by law or contract to be restricted.

**GREEN TOWNSHIP  
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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

**D. Fund Accounting** (continued)

**Special Revenue Funds:**

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

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

**Gasoline Tax Fund** – This fund receives gasoline money for constructing, maintaining and repairing Township roads.

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

**Fire District Fund** – This fund receives revenue allocated from property taxes, which is utilized to maintain a Township Fire Department.

**Fire District #2 Fund** – This fund receives revenue allocated from property taxes, which is utilized to maintain a Township Fire Department.

**Emergency Medical Services Fund** - This fund receives revenue allocated from property taxes as well as revenue from charges for Emergency Medical Service runs. The Township contracts with MED3000 as a third party service organization to bill for the EMS runs.

**Permanent Funds:**

Permanent funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The principal balance of these funds is non-expendable. Disbursements made from these funds can only be made to the extent of the interest received.

**Cemetery Bequest Fund** – Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep.

**GREEN TOWNSHIP  
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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

**E. Budgetary Process**

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

**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.

**Estimated Resources**

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

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

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

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

	<u>2007</u>	<u>2006</u>
Demand Deposits	\$ 1,018,452	\$ 970,568
Savings Account	<u>3,304</u>	<u>3,269</u>
Total Deposits	<u>\$ 1,021,756</u>	<u>\$ 973,837</u>

**Deposits:** Deposits are insured by the FDIC or collateralized by securities specifically pledged by the financial institution to the Township.

**GREEN TOWNSHIP  
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2007 was as follows:

**2007 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 47,957	\$ 86,902	\$ 38,945
Special Revenue	517,358	564,506	47,148
Permanent	15	21	6
Total	<u>\$ 565,330</u>	<u>\$ 651,429</u>	<u>\$ 86,099</u>

**2007 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 139,267	\$ 44,264	\$ 95,003
Special Revenue	849,410	561,151	288,259
Permanent	0	0	0
Total	<u>\$ 988,677</u>	<u>\$ 605,415</u>	<u>\$ 383,262</u>

Budgetary activity for the year ending December 31, 2006 was as follows:

**2006 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 45,718	\$ 77,888	\$ 32,170
Special Revenue	588,747	600,865	12,118
Permanent	12	16	4
Total	<u>\$ 634,477</u>	<u>\$ 678,769</u>	<u>\$ 44,292</u>

**2006 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 97,500	\$ 41,290	\$ 56,210
Special Revenue	832,719	450,768	381,951
Permanent	0	0	0
Total	<u>\$ 930,219</u>	<u>\$ 492,058</u>	<u>\$ 438,161</u>

**GREEN TOWNSHIP  
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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**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.

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

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

**5. DEBT**

Debt Outstanding at December 31, 2007, was as follows:

	<u>Principal</u>	<u>Interest</u>
Bond Anticipation Notes	\$ 393,452	3.85%

The Township issued \$500,000 in bond anticipation notes in October 2004 to finance the construction of a new Emergency Services building. The notes will be paid in yearly installments, at an interest rate of 3.85%, over a thirty year period, maturing in October 2024.

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year Ending December 31:</u>		<u>Bond Anticipation Note</u>
2008	\$	37,586
2009		37,586
2010		37,586
2011		37,586
2012		37,586
2013 – 2017		187,929
2018 – 2022		162,718
Total	\$	<u>\$538,577</u>



**GREEN TOWNSHIP  
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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**6. RETIREMENT SYSTEM**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5 and 9 percent, respectively, of their gross salaries and the Township contributed an amount equaling 13.85 and 13.7 percent, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

**7. RISK MANAGEMENT**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year.

Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA. If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

**GREEN TOWNSHIP  
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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**7. RISK MANAGEMENT** (continued)

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Retained Earnings	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, casualty coverage liabilities noted above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when related claims are due for payment. This payable includes the subsequent year's contribution due if the Township terminates participation as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Township's contributions to OTARMA for the past two years are as follows:

<u>Contributions to OTARMA</u>	
2007	\$ 8,835
2006	\$ 9,774

**GREEN TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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**7. RISK MANAGEMENT** (continued)

After completing one year of membership, member may withdraw on each anniversary of the date they joined OTARMA provided the give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**8. JOINT ACTION**

The Township and Mad River Township united during 2002 to provide fire fighting services to those areas of Green and Mad River Townships formerly served by Husted Fire and EMS Departments. The Board of Township Trustees of Green and Mad River Townships serve as the Joint Husted Service Area Board. The funding of the Husted Service area Fire Department and the Husted area EMS Department shall be apportioned equally between Green Township and Mad River Township.

**9. CONTINGENT LIABILITY**

On or about December 31, 2003, the Board of Green Township Trustees received a notice from the U.S. EPA, stating that the Township had been named as a Potentially Responsible Party in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) remediation of the Tremont City Landfill site in Clark County, Ohio. The Township plans to vigorously contest any claim that the Township is a Responsible Party under CERCLA. The amount of any potential claim cannot be determined at this time.

**10. COMPLIANCE**

Contrary to Ohio Law, the Township did not comply with requirements regarding posting of revenue to special funds, Ohio Rev. Code Section 5705.39 appropriations in excess of estimated resources, and Ohio Rev. Code Section 5705.36 estimated resources in excess of actual receipts.

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**MANNING & ASSOCIATES CPAS, LLC  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Green Township  
Clark County  
5730 Springfield Jamestown Rd.  
Springfield, Ohio 45502-9414

To the Board of Trustees:

We have audited the financial statements of Green Township, Clark County, (the Township) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated September 18, 2008 wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

### **Internal Control over Financial Reporting** (continued)

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings number 2007-001 through 2007-002 are also material weaknesses.

We noted certain matters that we reported to the Township's management in a separate letter dated September 18, 2008.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-004 through 2007-006.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 18, 2008.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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

Manning & Associates CPAs, LLC  
Dayton, Ohio

September 18, 2008

**GREEN TOWNSHIP  
CLARK COUNTY**

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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**FINDING NUMBER 2007-001**

**Timely Posting of Revenues and Bank Reconciliations**

The Township Fiscal Officer did not post revenues in a timely manner. During the audit periods, numerous receipts were posted into their computer system several days after they received. This presented inaccurate information in monthly and on the annual financial statements and could lead to a chance of errors not being timely recognized. The timely posting of revenues is essential internal control for the annual financial reports to accurately and completely reflect the revenues of the Township. As a result, inaccurate information was given to the Trustees for monthly review.

The following deficiencies were noted in monthly reconciliations:

- Bank Reconciliations were not performed timely
- There was no indication that the Trustees reviewed bank reconciliations
- Reconciling items included significant adjustments

Risks associated with these conditions include the possibility of loss of revenue; missing or duplicate posting of cash receipts and disbursements; and reconciliation errors that could go undetected. To strengthen internal accounting controls, reduce errors in recording transactions, and to provide management with reasonable assurance that cash reconciliation procedures are in place, the following control should be implemented:

The monthly reconciliations should be reviewed by the Trustees, along with a list of outstanding checks, and the reconciled bank balance should be compared to the cashbook balance to ensure the amounts correspond. The balance of the cashbook should be reviewed to ensure that all active and invested money under the control of the Trustees is included. The Trustees should date and initial the monthly reconciliation as documentation of their review.

Response: The Township Trustee's recognize the importance of oversight, especially in a small government where a lack of separation of duties exists. The Trustee's will strengthen their monitoring review to include sign off procedures of what was reviewed and when.

**GREEN TOWNSHIP  
CLARK COUNTY**

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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**FINDING NUMBER 2007-002**

**Township Books and Records/Improper Recording of Revenues and Expenditure Transactions**

**Ohio Admin Code Section 117-2** provides that the Township Fiscal Officer shall keep the books of the Township; exhibit accurate statements of all monies received and expended, and maintain records of all property owned by the Township and income derived. In addition, Ohio Admin Code Section 117-2-02(A) states that all public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, document compliance with finance relate legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the administrative code. The Township did not maintain an accurate record of all monies received and disbursed. Significant adjustments were needed to reclassify receipts and expenditures to proper accounts. The following were noted:

- Refund of BWC was posted as a negative against an expense account
- Investment understated at December 31, 2007 and 2006 by \$57,000 and \$20,000, respectively
- Receipts and Disbursements not entered in a timely manner
- Warrant numbers did not always agree to actual check number due to voided checks. Voided checks not always properly voided.
- Disbursements for refunds were issued against corresponding receipt account as an adjustment to the receipt. This caused gaps in the check sequence in the appropriation ledgers.
- Sale of Assets not properly recorded
- Budgetary information on the Township's computer records did not agree with the information filed with the County Auditor. Failure to record and report the budgetary data accurately presents an inaccurate comparison of the budgetary activity and can mislead those using the annual financial report.

The Fiscal Officer should reconcile the year end budgetary data with the approved amounts to ensure the budgetary activity is being reported accurately. These financial statements have been adjusted to reflect the approved and reported amounts.

Failure to provide accurate and complete financial information limits management's resources for decision making and can provide a false perception of the Township's financial position. Failure to accurately prepare and reconcile the accounting records reduces the accountability over Township funds, reduces the Trustees ability to monitor financial activity, increases the likelihood that monies will be misappropriated and not detected and increases likelihood that the Township's financial statements will be misstated.

Response: The Fiscal Officer will review the Township handbook for proper reporting of receipts and disbursements.



**GREEN TOWNSHIP  
CLARK COUNTY**

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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**FINDING NUMBER 2007-003**

**Ohio Rev. Code Section 5705.10** requires that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. The Township recorded a receipt of tax from the County Auditor in the amount of \$1,039.50 to the Road & Bridge Fund instead of Permissive Motor Vehicle Tax Fund during 2006 which resulted in erroneous fund balances.

The Township should develop and implement procedures to record receipts in the proper funds to provide for accurate financial information and reporting. This should include periodic review of postings by someone independent of the record keeping process.

Response: The Fiscal Officer will be more careful in reporting of revenues to the proper funds.

**FINDING NUMBER 2007-004**

**Ohio Rev. Code Section 5705.39** prohibits a political subdivision or taxing authority from making fund appropriations in excess of the estimated revenue available for expenditure as certified by amended certificates from the county budget commission. The following fund was determined to have appropriations in excess of the available resources as certified by the county budget commission during 2006.

<u>Fund Name</u>	<u>Estimated Resources</u>	<u>Appropriation</u>	<u>Variance</u>
<b>2006</b>			
Gasoline Fund	\$83,446	\$98,000	(\$14,554)

The Township should perform routine comparisons of all budgeted activity to prevent over-spending of available resources.

Response: Fiscal Officer and Trustees will monitor budgetary compliance more closely in the future.

**GREEN TOWNSHIP  
CLARK COUNTY**

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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**FINDING NUMBER 2007-005**

**Ohio Rev. Code Section 5705.36** allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below that current level of appropriation.

The following funds were determined to have estimated receipts significantly in excess of actual receipts:

Fund Name	Estimated Receipts	Actual Receipts	Variance
<b>2006</b>			
Road & Bridge	\$159,648	\$106,042	(\$53,606)

Failure to obtain the amended certificate of estimated resources did not provide the trustees with an accurate estimate of resources available for appropriations which could lead to negative fund balances. The Board should monitor receipts and amend estimated receipts when necessary to keep estimated receipts in line with actual receipts and make any corresponding amendments to its appropriations and disbursements.

Response: Fiscal Officer and Trustees will monitor budgetary compliance more closely in the future.

**FINDING NUMBER 2007-006**

**Ohio Rev. Code Section 5705.41(D)** prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**GREEN TOWNSHIP  
CLARK COUNTY**

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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**FINDING NUMBER 2007-006, (continued)**

1. **“Then and Now” certificate** – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the “then and Now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

2. **Blanket certificate** – The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one line item appropriation.
3. **Super Blanket certificate** – The district may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 11 percent and 12 percent of expenditures in 2007 and 2006, respectively; and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can lead to misappropriation of monies and negative cash fund balances. Unless the exceptions noted above are utilized, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility that Township funds will exceed budgetary spending limitations, we recommend that the Township Clerk certify that the funds are or will be available prior to the obligation by the Township. When prior certification is not possible, “then and now” certification should be used. We recommend the Township certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Response: The Fiscal Officer will review ORC Section 5705.41 (D) for proper certification of funds.

**GREEN TOWNSHIP  
CLARK COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006

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Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; of Finding no longer Valid; Explain:
2005-001	Reconciliations not performed timely or accurately, receipts not posted, adjustments made without documentation	No	Reissue as Finding 2007-001
2005-002	Improper posting of EMS receipts as licenses and fees	Yes	
2005-003	No monitoring of EMS billings and receipts, and no SAS 70 Report	Yes	
2005-004	ORC Sec. 5705.10 Receipts erroneously posted in incorrect fund.	No	Reissue as Finding 2007-003
2005-005	ORC Sec. 5705.39 Appropriations in excess of available resources	No	Reissue as Finding 2007-004



**Mary Taylor, CPA**  
Auditor of State

**GREEN TOWNSHIP**

**CLARK 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 9, 2008**