

Green Township
Adams County, Ohio

Regular Audit

For the years ended December 31, 2008 and 2007
Fiscal Years Audited Under GAGAS: 2008 and 2007



Balestra, Harr & Scherer, CPAs, Inc.

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Mary Taylor, CPA
Auditor of State

Board of Trustees
Green Township
21092 US 52
Stout, Ohio 454684

We have reviewed the *Independent Auditor's Report* of Green Township, Adams County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2007 through December 31, 2008. 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 Auditor's 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 Auditor's 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

December 29, 2009

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Green Township
Adams County, Ohio
For the Years Ended December 31, 2008 and 2007
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Independent Auditor's Report

Board of Trustees
Green Township
Adams County
21092 US 52
Stout, Ohio 45684

We have audited the accompanying financial statements of Green Township, Adams County, Ohio, (the Township) as of and for the years ended December 31, 2008 and 2007. 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 discussed 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.

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 Governments to reformat their statements. The Township has elected not to follow GAAP statement formatting requirement. 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 third 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, 2008 and December 31, 2007 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, 2008 and December 31, 2007, or its changes in financial position for the years then ended.

The Financial Statements for year ending December 31, 2007 present receipts and disbursements by fund type only. Ohio Administrative Code Section 117-2-02(A) requires governments to classify receipt and disbursement transactions.

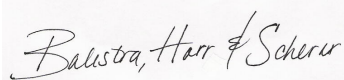
Green Township
Adams County
Independent Auditors' Report

In our opinion, except for the omission of receipt and disbursement classification for fiscal year end December 31, 2007, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Green Township, Adams County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements and reserve for 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.

The accompanying financial statements have been prepared assuming the Township will continue as a going concern. As discussed in Note 9 to the financial statements, the Township's negative General Fund balance and recurring losses raise substantial doubt about its ability to continue as a going concern.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2009, 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.



Balestra, Harr & Scherer, CPAs, Inc.

October 30, 2009

Green Township, Adams County
Combined Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2008

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 7,352	\$ 59,764	\$ 67,116
Intergovernmental	24,093	119,280	143,373
Fines, Licenses, and Permits	-	2,851	2,851
Earnings on Investments	503	-	503
Miscellaneous	-	700	700
	<u>31,948</u>	<u>182,595</u>	<u>214,543</u>
Cash Disbursements:			
Current:			
General Government	22,256	-	22,256
Public Safety	-	42,954	42,954
Public Works	-	111,813	111,813
Health	1,509	26,865	28,374
Capital Outlay	-	2,500	2,500
Debt Service:			
Redemption of Principal	-	2,855	2,855
Interest and Fiscal Charges	-	1,170	1,170
	<u>23,765</u>	<u>188,157</u>	<u>211,922</u>
Total Cash Receipts Over/(Under) Cash Disbursements	8,183	(5,562)	2,621
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	8,183	(5,562)	2,621
Fund Cash Balances, January 1	<u>(1,398)</u>	<u>71,865</u>	<u>70,467</u>
Fund Cash Balances, December 31	<u>\$ 6,785</u>	<u>\$ 66,303</u>	<u>\$ 73,088</u>
Reserve for Encumbrances, December 31	<u>\$ -</u>	<u>\$ 1,965</u>	<u>\$ 1,965</u>

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

Green Township, Adams County
Combined Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balance
 Governmental Funds
 For the Year Ended December 31, 2007

	Balance 1/1/2007	Receipts	Disbursements	Balance 12/31/2007
General	\$ 910	\$ 28,516	\$ 30,824	\$ (1,398)
Special Revenue:				
Motor Vehicle License Tax	6,751	8,901	11,223	4,429
Gasoline Tax	55,522	85,669	93,729	47,462
Cemetery	2,995	27,689	24,416	6,268
Fire District	9,967	38,389	34,650	13,706
Total Special Revenue	75,235	160,648	164,018	71,865
Total All Funds:	\$ 76,145	\$ 189,164	\$ 194,842	\$ 70,467

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

**GREEN TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008 AND 2007**

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, Adams County, Ohio (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 and fire protection.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. The basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

The Township did not classify its receipts or disbursements in the accompanying financial statements. This is a material departure from the requirements of Ohio Administrative Code Section 117-02-02(A) (effective July 1, 2000) and Ohio Administrative Code Section 117-5-11 (effective through June 30, 2000). These Ohio Administrative Code Sections require classifying receipts and disbursements.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash Deposit

The Township' maintains a cash pool used by all funds. All Township funds are maintained in an interest-bearing checking account with a local commercial bank. Interest income is distributed to Township funds based upon the Ohio Constitution.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for the 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:

**GREEN TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Fire Levy Fund – This fund receives proceeds from the property tax levy for providing fire protection to Township residents.

Gasoline Tax Fund – This fund receives gasoline tax money to pay constructing, maintaining, and repairing township roads.

Motor Vehicle License Fund – This fund receives motor vehicle license tax money to construct, maintain, and repair Township roads.

E. Budgetary Process

1. Appropriations

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

2. Estimated Resources

Estimated Resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources. The Township did not certify amounts available for expenditures to the County Auditor by the required date.

3. Encumbrances

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**GREEN TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008 AND 2007
(Continued)**

2. Equity in Pooled Cash and Investments

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

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$73,088</u>	<u>\$70,467</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and December 31, 2007 follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 19,290	\$ 31,948	\$ 12,658
Special Revenue	165,980	182,595	16,615
Total	<u>\$ 185,270</u>	<u>\$ 214,543</u>	<u>\$ 29,273</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 20,048	\$ 23,765	\$ (3,717)
Special Revenue	227,688	190,122	37,566
Total	<u>\$ 247,736</u>	<u>\$ 213,887</u>	<u>\$ 33,849</u>

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 24,670	\$ 28,516	\$ 3,846
Special Revenue	137,400	160,648	23,248
Total	<u>\$ 162,070</u>	<u>\$ 189,164</u>	<u>\$ 27,094</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 40,974	\$ 30,824	\$ 10,150
Special Revenue	160,404	164,018	(3,614)
Total	<u>\$ 201,378</u>	<u>\$ 194,842</u>	<u>\$ 6,536</u>

**GREEN TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008 AND 2007
(Continued)**

4. Property Tax

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

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

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

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

5. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5% respectively, of their gross salaries and the Township contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

6. Risk Pool Membership

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.

**GREEN TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008 AND 2007
(Continued)**

6. Risk Pool Membership (Continued)

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.

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 member' 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 \$2,032,316.

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.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with the generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Assets	\$ 40,737,740	\$ 43,210,073
Liabilities	(12,981,818)	(13,357,837)
Retained Earnings	<u>\$ 27,755,922</u>	<u>\$ 29,852,866</u>

**GREEN TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008 AND 2007
(Continued)**

6. Risk Pool Membership (Continued)

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 Casualty Coverage 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 the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$5,364. 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 three years are as follows:

<u>Year</u>	<u>Contribution</u>
2006	\$ 7,142
2007	7,024
2008	5,388

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they 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.

7. Debt

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Bank Note for Tractor, collateralized by the Tractor	20,410	5.03%
Total		

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

Year Ending December 31:	<u>Tractor Loan</u>
2009	\$4,025
2010	4,025
2011	4,025
2012	4,025
2013	4,025
2014	<u>3,832</u>
	\$23,957

**GREEN TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008 AND 2007
(Continued)**

8. Compliance

Contrary to Ohio law the Township did not properly certify funds prior to expending them.

Contrary to Ohio law the Township did not maintain proper ledgers nor did they prepare annual financial statements for fiscal year end December 31, 2007.

Contrary to Ohio law the Township had expenditures in excess of appropriations at year end December 31, 2008 and 2007.

Contrary to Ohio law the Township used funds from one fund to cover the short fall of the General fund at year end December 31, 2007.

Contrary to Ohio law the Township had appropriations in excess of total available resources.

Contrary to Ohio law the Township had appropriations in excess of total estimated available resources.

9. Financial Condition

The Township's General Fund balance was (\$1,398) at December 31, 2007. The Township plans to contact the Auditor of State Local Government Services to determine if a financial analysis is necessary regarding the financial condition of the township.



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
Adams County
21092 US 52
Stout, Ohio 45684

We have audited the financial statements of Green Township, Adams County, Ohio, (the Township) as of and for the years ended December 31, 2008 and 2007, wherein we noted the Township follows accounting practices the Auditor of State prescribes or permits, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, the Township did not present receipts and disbursements in accordance with Ohio Administrative Code 117-2-01 (A) for December 31, 2007 and the Township has a negative General fund balance as of December 31, 2007, and have issued our report thereon dated July 24, 2009. 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 opinions 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 all deficiencies in internal control 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 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 controls 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: 2008-001, and 2008-002.

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.

Green Township
Adams County

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*
Page 2

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 identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

We noted a certain internal control matter that we reported to the Township's management in a separate letter dated October 30, 2009.

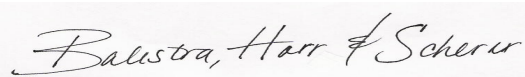
Compliance and Other Matters

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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001 through 2008-006.

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 October 30, 2009.

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



Balestra, Harr & Scherer, CPAs, Inc.

October 30, 2009

**GREEN TOWNSHIP
ADAMS COUNTY
DECEMBER 31, 2008 AND 2007
SCHEDULE OF FINDINGS AND RESPONSES**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING 2008-001

Material Noncompliance/Significant Deficiency

Ohio Rev. Code, Section 5705.41 (D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

This section also provides two “exceptions” to the above requirements:

- A. 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 Township can authorize the drawing of a warrant for the payment or the amount due. The Township can authorize the drawing of a warrant for the payment of the amount due. The Township 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 maybe 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 Township.

- B. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. 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 on particular line item appropriation.
- C. Super Blanket Certificate – The Township 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 reasonable 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 line item appropriation.

The availability of funds was not certified properly in 2007 and 2008 for the Township’s expenditures tested, nor did the Township use the aforementioned exceptions. Failure to properly certify funds could result in overspending the Township funds.

Every effort should be made by the Township to properly utilize the encumbrance method of accounting by certifying funds prior to making a purchase obligation. Failure to properly certify funds could result in overspending and negative fund balances.

The Township should certify purchases to which 5705.41 (D) applies. The most convenient method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Client Response:

The Township is now on the UAN system.

**GREEN TOWNSHIP
ADAMS COUNTY
DECEMBER 31, 2008 AND 2007
SCHEDULE OF FINDINGS AND RESPONSES**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING 2008-002

Material Noncompliance/Significant Deficiency

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

Ohio Admin Code Section 117-2-01-(B)(1) defines “Internal Control” as a process effected by an entity’s governing board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of certain objective in several categories, including the reliability of financial reporting.

Ohio Admin Code Section 117-2-02-(A) requires that all local public offices maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions. The management of each local public office is responsible for the assertions underlying the information in the public office’s financial statements among them being completeness, which requires that all account balances and transactions that should be included in the financial records are included. We noted the following discrepancies with the Township’s accounting records for 2007:

The Township did not properly reconcile their fund balances to the bank balance. They did not maintain a receipt or appropriation ledgers. Also the Township was unable to provide detailed expenditure documentation for all vouchers requested. However, the books did balance to the bank by the auditors.

The Township should prepare monthly bank reconciliations and each reconciling item should be identified. Also the Township should ensure that the receipts, disbursements, and fund cash balances in the annual report should agree with the cash book. Receipt and appropriation ledgers should be properly maintained and balanced monthly with the cash book. The Township Fiscal Officer should ensure that all transactions are being posted properly.

Client Response:

The Township is now on the UAN system.

FINDING 2008-003

Material Noncompliance

Ohio Rev. Code section 5705.41(B), requires that no subdivision or taxing unit is to expend money unless it has been appropriated. The Township had actual expenditures in excess of appropriations in the General Fund and Gasoline Tax fund at December 31, 2007 and in the General fund at December 31, 2008.

The Township’s Fiscal Officer should limit expenditures to the appropriated amount. Also the Fiscal Officer should deny any payment until the Board has passed the necessary changes to the appropriation measure.

Client Response:

The Township is now on the UAN system.

**GREEN TOWNSHIP
ADAMS COUNTY
DECEMBER 31, 2008 AND 2007
SCHEDULE OF FINDINGS AND RESPONSES**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING 2008-004

Material Noncompliance

Ohio Rev. Code section 5705.10 states in part 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 had a negative General fund balance of \$1,398 at December 31, 2007 which indicates that funds from another fund had to be used to cover the short fall of the General fund.

The Township should ensure that all monies collected for a particular purpose are being used for that purpose. Furthermore that Township should monitor their spending in each fund so that they do not encounter a negative fund balance.

Client Response:

The Township is now on the UAN system

FINDING 2008-005

Material Noncompliance

Ohio Rev. Code section 5705.36 (A)(4) requires obtaining a reduced amended certificate in the amount of the deficiency will reduce available resources below the current level of appropriations. The Township had appropriations in excess of total available resources (which is beginning unencumbered balance plus actual receipts) in the General fund, Cemetery fund and Fire fund at December 31, 2007.

The Township should implement monitoring procedures to ensure that appropriations do not exceed that total available resources at year end.

Client Response:

The Township is now on the UAN system.

FINDING 2008-006

Ohio Rev. Code section 5705.39 requires that the total appropriation from each fund shall not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official certificate of estimate resources or amended certificate of estimate resources. The Township had appropriations that exceeded the total official certificate of estimated resources in the General Fund and the Fire Fund at December 31, 2007 and in the General Fund at December 31, 2008.

The Township should limit their appropriations to the total official certificate of estimate resources per fund.

Client Response:

The Township is now on the UAN system.

**GREEN TOWNSHIP
ADAMS COUNTY
DECEMBER 31, 2008 AND 2007**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-001	Ohio Rev. Code section 507.04 requires Township to include all official business in the minutes	Yes	
2006-002	Ohio Admin. Code Section 117-2-01, 117-2-02, requires certain Township accounting records to be kept.	No	Reissued as finding 2008-002
2006-003	Ohio Rev. Code Section 5705.41(D) failure to properly certify funds	No	Reissued as finding 2008-001
2006-004	Ohio Rev. Code Section 5705.39 total appropriations should not exceed total estimated revenues	No	Reissued as a management letter comment for 2007, corrected for 2008.
2006-005	Ohio Rev. Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated	No	Reissued as finding 2008-003
2006-006	Ohio Rev. Code Section 5705.10 negative fund balances indicate money from other funds was used to cover the expenses of another fund.	No	Reissued as finding 2008-004
2006-007	Payroll Significant Deficiency in record processing and recordkeeping	Yes	
2006-008	Ohio Rev. Code Section 5747.07(B)(4) requires employers to make payment of unremitted state income taxes.	Yes	Payments were made for the current audit period but no payment was made for the prior year findings.



Mary Taylor, CPA
Auditor of State

GREEN TOWNSHIP

ADAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 12, 2010**