



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**GREEN TOWNSHIP
MONROE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Green Township
Monroe County
P. O. Box 14
Laings, Ohio 43752

To the Board of Trustees:

We have audited the accompanying financial statements of Green Township, Monroe County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Green Township, Monroe County, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2002, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and "P".

Jim Petro
Auditor of State

June 7, 2002

**GREEN TOWNSHIP
MONROE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$8,001	\$953	\$0	\$8,954
Intergovernmental	4,377	55,920	7,143	67,440
Earnings on Investments	93	165		258
Other Revenue	74	1,266		1,340
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	12,545	58,304	7,143	77,992
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	14,666			14,666
Public Safety	480	939		1,419
Public Works		51,637		51,637
Human Services	50			50
Debt Service:				
Redemption of Principal			5,833	5,833
Interest and Fiscal Charges			1,310	1,310
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	15,196	52,576	7,143	74,915
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	-2,651	5,728	0	3,077
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	4,565	11,240	0	15,805
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$1,914</u>	<u>\$16,968</u>	<u>\$0</u>	<u>\$18,882</u>

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

**GREEN TOWNSHIP
MONROE COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$7,812	\$777	\$0	\$8,589
Intergovernmental	19,399	59,050	7,143	85,592
Earnings on Investments	244	398		642
Other Revenue	182	2,621		2,803
	<u>27,637</u>	<u>62,846</u>	<u>7,143</u>	<u>97,626</u>
Total Cash Receipts				
	<u>27,637</u>	<u>62,846</u>	<u>7,143</u>	<u>97,626</u>
Cash Disbursements:				
Current:				
General Government	15,367	2,993		18,360
Public Safety	541	871		1,412
Public Works		63,823		63,823
Human Services	50			50
Capital Outlay	8,624	1,377		10,001
Debt Service:				
Redemption of Principal		5,520	5,404	10,924
Interest and Fiscal Charges		316	1,739	2,055
	<u>24,582</u>	<u>74,900</u>	<u>7,143</u>	<u>106,625</u>
Total Cash Disbursements				
	<u>24,582</u>	<u>74,900</u>	<u>7,143</u>	<u>106,625</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>3,055</u>	<u>(12,054)</u>	<u>0</u>	<u>(8,999)</u>
Fund Cash Balances, January 1	<u>1,510</u>	<u>23,294</u>	<u>0</u>	<u>24,804</u>
Fund Cash Balances, December 31	<u><u>\$4,565</u></u>	<u><u>\$11,240</u></u>	<u><u>\$0</u></u>	<u><u>\$15,805</u></u>

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

**GREEN TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Green Township, Monroe County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general government services, including road maintenance, and fire protection. The Township contracts with Clarrington Volunteer Fire Department, Sardis Volunteer Fire Department, and the Antioch & Community Volunteer Fire Department to provide fire services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money to pay for constructing, maintaining and repairing Township roads.

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

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Note Retirement Fund – This fund is used to accumulate resources for the payment of note indebtedness.

**GREEN TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

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

1. Appropriations

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

3. Encumbrances

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

Demand Deposits	<u>2001</u>	<u>2000</u>
	<u>\$18,882</u>	<u>\$15,805</u>

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

**GREEN TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000, was as follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$17,646	\$12,545	(\$5,101)
Special Revenue	59,438	58,304	(1,134)
Debt Service	7,143	7,143	0
Total	\$84,227	\$77,992	(\$6,235)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$18,165	\$15,196	\$2,969
Special Revenue	69,209	52,576	16,633
Debt Service	7,143	7,143	0
Total	\$94,517	\$74,915	\$19,602

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,407	\$27,637	\$230
Special Revenue	57,675	62,846	5,171
Debt Service	7,143	7,143	0
Total	\$92,225	\$97,626	\$5,401

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$28,397	\$24,582	\$3,815
Special Revenue	81,041	74,900	6,141
Debt Service	7,143	7,143	0
Total	\$116,581	\$106,625	\$9,956

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.

**GREEN TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. PROPERTY TAX (Continued)

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, 2001, was as follows:

	Principal	Interest Rate
General Obligation Note	\$15,595	7.00%

The general obligation note was issued to finance the purchase of a grader to be used for Township road maintenance. The note is collateralized solely by the Township's taxing authority.

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

	General Obligation Notes
Year ending December 31:	
2002	\$7,143
2003	7,143
2004	3,571
Total	\$17,857

6. OTHER LIABILITY

On September 28, 2001, the Federal Emergency Management Agency (FEMA) deobligated federal funds in the amount of \$10,813. The Township has arranged with FEMA to pay \$1,000 per month until the liability is paid. As of December 31, 2001, the remaining liability owed to FEMA is \$8,813. This liability is being repaid from the Gasoline Tax Fund.

7. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**GREEN TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

8. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- General liability and casualty
- Public Official's liability
- Vehicle

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

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

Green Township
Monroe County
P.O. Box 14
Laings, Ohio 43752

To the Board of Trustees:

We have audited the accompanying financial statements of Green Township, Monroe County (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 7, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-41056-001 and 2001-41056-002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 7, 2002.

Green Township
Monroe County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

June 7, 2002

**GREEN TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-41056-001

Finding For Adjustment

Ohio Rev. Code Section 505.24 states the amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid only from the township general fund or from such funds in proportions as the board may specify by resolution. The Township had not adopted a resolution in either year authorizing the amounts of salaries and fringe benefits to be paid from each fund.

The Board of Trustees' combined annual salaries and fringe benefits were paid 100% from the Gasoline Tax Fund in both 2001 and 2000. The allocation of Board of Trustees' salaries and fringe benefits for 2001 and 2000 was not proportionate to the administrative duties actually performed by the Board of Trustees.

After bringing this to the Township management's attention, the Board of Trustees passed a retroactive resolution on June 6, 2002 addressing the proportions from which the total compensation (salaries and fringe benefits) of the Board of Trustees should have been paid. The following proportions were approved for both 2001 and 2000: 8% General Fund, 92% Gasoline Tax Fund.

In accordance with the foregoing facts, a finding for adjustment in the amount of \$1,495 and \$1,451 is hereby issued against the General Fund, in favor of the Gasoline Tax Fund for the years ended December 31, 2001 and 2000, respectively. This amount reflects 8% of the total compensation package paid to the Board of Trustees by the Township each year. As of the date of this report, Township management was in agreement with the aforementioned adjustment and this adjustment has been posted to the Township's records and is reflected in the accompanying financial statements.

We recommend the Township adopt a formal resolution at the organizational meeting each year addressing the allocation of total compensation. Each resolution should address the appropriate proportions and funds from which the salaries and fringe benefits are to be paid. Benefits such as health insurance and the employer's portion of retirement and medicare should be paid out of the same funds, in the same proportions as the salaries.

FINDING NUMBER 2001-41056-002

Noncompliance Citation

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.

The following exceptions to this basic requirement are provided by statute:

- A. Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time that he/she is completing his/her certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

**GREEN TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

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

**FINDING NUMBER 2001-41056-002
(Continued)**

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.41(D) (Continued)

- B. Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority 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 taxing authority.

Thirty-two percent of transactions tested did not include prior certification of the Township Clerk, nor was there evidence of a "Then and Now" certificate being used by the Township Clerk for the transactions in violation.

We recommend the Township Clerk certify the availability of funds prior to incurring an obligation.

**GREEN TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING
DECEMBER 31, 2001 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-41056-001	Ohio Rev. Code Section 5705.39, appropriations were in excess of estimated revenue in the Gasoline Tax and FEMA Funds'.	Yes	N/A.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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GREEN TOWNSHIP

MONROE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 9, 2002**