



**Auditor of State
Betty Montgomery**

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

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**Auditor of State
Betty Montgomery**

Greenfield Township
Fairfield County
4663 Carroll-Cemetery Road
Carroll, Ohio 43112

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Township 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

**Betty Montgomery
Auditor of State**

September 21, 2006

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Greenfield Township
Fairfield County
4663 Carroll-Cemetery Road
Carroll, Ohio 43112

To the Board of Trustees:

We have audited the accompanying financial statements of Greenfield Township, Fairfield County, Ohio (the Township) as of and for the years ended December 31, 2005 and December 31, 2004. 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, 2005 and December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require Townships to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, 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, 2005 and December 31, 2004 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, 2005 and December 31, 2004, 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 of Greenfield Township, Fairfield County, Ohio as of December 31, 2005 and December 31, 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and December 31, 2004. 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 21, 2006, 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.



Betty Montgomery
Auditor of State

September 21, 2006

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$53,369	\$1,222,878	\$116,885	\$0	\$1,393,132
Intergovernmental	221,688	278,415	12,753	0	512,856
Licenses, Permits, and Fees	34,232	15,551	0	0	49,783
Earnings on Investments	85,675	1,623	404	0	87,702
Other Revenue	15,213	12,105	0	0	27,318
	<u>410,177</u>	<u>1,530,572</u>	<u>130,042</u>	<u>0</u>	<u>2,070,791</u>
Total Cash Receipts					
	<u>410,177</u>	<u>1,530,572</u>	<u>130,042</u>	<u>0</u>	<u>2,070,791</u>
Cash Disbursements:					
Current:					
General Government	202,357	0	0	0	202,357
Public Safety	0	870,900	0	0	870,900
Public Works	0	412,290	0	0	412,290
Health	2,593	16,490	0	0	19,083
Contract Services	4,982	0	0	1,433,166	1,438,148
Miscellaneous	0	0	2,294	14,641	16,935
Debt Service:					
Redemption of Principal	0	0	4,000	0	4,000
Interest and Fiscal Charges	0	0	125,791	0	125,791
Capital Outlay	0	0	0	57,651	57,651
	<u>209,932</u>	<u>1,299,680</u>	<u>132,085</u>	<u>1,505,458</u>	<u>3,147,155</u>
Total Cash Disbursements					
	<u>209,932</u>	<u>1,299,680</u>	<u>132,085</u>	<u>1,505,458</u>	<u>3,147,155</u>
Total Receipts Over/(Under) Disbursements	<u>200,245</u>	<u>230,892</u>	<u>(2,043)</u>	<u>(1,505,458)</u>	<u>(1,076,364)</u>
Other Financing Receipts and (Disbursements):					
Transfers-In	0	8,413	0	60,000	68,413
Advances-In	0	0	50,000	0	50,000
Transfers-Out	0	(68,413)	0	0	(68,413)
Advances-Out	(50,000)	0	0	0	(50,000)
Other Sources	0	4,000	0	0	4,000
	<u>(50,000)</u>	<u>(56,000)</u>	<u>50,000</u>	<u>60,000</u>	<u>4,000</u>
Total Other Financing Receipts/(Disbursements)					
	<u>(50,000)</u>	<u>(56,000)</u>	<u>50,000</u>	<u>60,000</u>	<u>4,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	150,245	174,892	47,957	(1,445,458)	(1,072,364)
Fund Cash Balances, January 1	577,289	993,104	0	1,847,072	3,417,465
Fund Cash Balances, December 31	<u>\$727,534</u>	<u>\$1,167,996</u>	<u>\$47,957</u>	<u>\$401,614</u>	<u>\$2,345,101</u>

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

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Non- Expendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$657</u>
Total Operating Cash Receipts	<u>657</u>
Operating Cash Disbursements:	
Health	<u>0</u>
Total Operating Cash Disbursements	<u>0</u>
Net cash receipts over/(under) cash disbursements	657
Fund cash balance, January 1	<u>22,710</u>
Fund cash balance, December 31	<u><u>\$23,367</u></u>

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

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$49,030	\$1,001,229	\$0	\$1,050,259
Intergovernmental	65,296	203,928	0	269,224
Licenses, Permits, and Fees	36,872	14,792	0	51,664
Earnings on Investments	27,329	2,851	19,012	49,192
Other Revenue	18,497	30,799	0	49,296
	<u>197,024</u>	<u>1,253,599</u>	<u>19,012</u>	<u>1,469,635</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	203,017	0	0	203,017
Public Safety	0	806,668	0	806,668
Public Works	0	390,414	0	390,414
Health	2,527	17,148	0	19,675
Contract Services	0	0	40,902	40,902
Capital Outlay	0	0	97,954	97,954
	<u>205,544</u>	<u>1,214,230</u>	<u>138,856</u>	<u>1,558,630</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(8,520)</u>	<u>39,369</u>	<u>(119,844)</u>	<u>(88,995)</u>
Other Financing Receipts and (Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Bonds	0	0	1,784,000	1,784,000
Transfers-In	0	8,887	60,000	68,887
Transfers-Out	0	(68,887)	0	(68,887)
Other Sources	0	19,100	0	19,100
	<u>0</u>	<u>(40,900)</u>	<u>1,844,000</u>	<u>1,803,100</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	(8,520)	(1,531)	1,724,156	1,714,105
Fund Cash Balances, January 1	<u>585,809</u>	<u>994,635</u>	<u>122,916</u>	<u>1,703,360</u>
Fund Cash Balances, December 31	<u>\$577,289</u>	<u>\$993,104</u>	<u>\$1,847,072</u>	<u>\$3,417,465</u>

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

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Non- Expendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$289</u>
Total Operating Cash Receipts	<u>289</u>
Operating Cash Disbursements:	
Health	<u>536</u>
Total Operating Cash Disbursements	<u>536</u>
Net cash receipts over/(under) cash disbursements	<u>(247)</u>
Fund cash balance, January 1	<u>22,957</u>
Fund cash balance, December 31	<u><u>\$22,710</u></u>

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

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Greenfield Township, Fairfield County, Ohio (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical 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 the Auditor of State prescribes or permits. This 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).

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

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis recognizes gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values certificates of deposit at cost.

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 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:

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

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire Fund - This fund receives real estate tax and personal property tax for providing fire protection and emergency services to the Township.

3. Debt Service Fund

The Debt Service Fund receives property taxes for the payment of general long-term debt principal, interest, and related costs.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through trust funds). The Township had the following significant Capital Project Funds

Firehouse Bond Proceeds – This fund receives Bond Proceeds for the construction and furnishing of a new firehouse.

Capital Projects - Fire Fund – This fund receives transfers from the Special Revenue-Fire Fund annually to accumulate funds for purchasing fire apparatus, land for fire house, and/or repairing or building a fire house.

5. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant Fiduciary Funds:

Carroll Cemetery Bequest Fund - This fund receives interest to be held by the Township for cemetery maintenance.

Greenfield Cemetery Bequest Fund - This fund receives interest to be held by the Township for cemetery maintenance.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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.

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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.

A summary of 2005 and 2004 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2005</u>	<u>2004</u>
Demand deposits	\$1,868,468	\$2,940,175
Certificates of deposit	500,000	500,000
Total deposits	<u>2,368,468</u>	<u>3,440,175</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and December 31, 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$179,130	\$410,177	\$231,047
Special Revenue	1,392,919	1,542,985	150,066
Debt Service	120,500	130,042	9,542
Capital Projects	300	60,000	59,700
Fiduciary	400	657	257
Total	\$1,693,249	\$2,143,861	\$450,612

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$388,029	\$259,932	\$128,097
Special Revenue	1,399,550	1,368,093	31,457
Debt Service	11,200	132,085	(120,885)
Capital Projects	1,909,076	1,505,458	403,618
Fiduciary	133	0	133
Total	\$3,707,988	\$3,265,568	\$442,420

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$189,223	\$197,024	\$7,801
Special Revenue	1,221,219	1,281,586	60,367
Capital Projects	1,849,700	1,863,012	13,312
Fiduciary	195	289	94
Total	\$3,260,337	\$3,341,911	\$81,574

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$339,081	\$205,544	\$133,537
Special Revenue	1,304,250	1,283,117	21,133
Capital Projects	136,000	138,856	(2,856)
Fiduciary	2,000	536	1,464
Total	\$1,781,331	\$1,628,053	\$153,278

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio law, expenditures exceeded appropriations in the following funds at year end:

<u>Fund</u>	
<u>2005:</u>	
Gasoline Tax	\$34,940
Fire Operating Fund	1,600
Road Improvement Fund	7,108
Firehouse Bond Retirement	120,885
 <u>2004:</u>	
Reserve (Fire & Road)	\$13,181

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt 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 the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed to 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, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Firehouse Construction Bonds	\$1,780,000	5%

In 2004, the Township issued general obligation bonds for the construction of and furnishings for a new firehouse. The Township's taxing authority collateralized the bonds, with an interest rate of 5%, which will mature on December 1, 2032.

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. DEBT (Continued)

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

Year ending December 31:	General Obligation Bond
2006	\$126,100
2007	124,350
2008	122,600
2009	120,850
2010	124,100
2011-2015	618,750
2016-2020	615,750
2021-2025	619,500
2026-2030	618,860
2031-2035	243,020
Total	<u><u>\$3,333,880</u></u>

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, members of OP&F participants contributed 10 percent of their wages. The Township contributed an amount equal to 24 percent of their wages to OP&F. OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

Part-time firefighters pay into Social Security (FICA). Contribution rates are approved by the United States Congress. Members contributed 6.2 percent of their wages to FICA and the Township also contributed an amount equal to 6.2 percent of their wages.

7. RISK MANAGEMENT

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.

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

7. RISK MANAGEMENT (Continued)

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 townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

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. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 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.

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. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

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 value. 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 2005 was \$1,682,589.

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 township.

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

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide 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 contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

7. RISK MANAGEMENT (Continued)

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, 2005 and 2004.

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	<u>(12,344,576)</u>	<u>(11,086,379)</u>
Retained earnings	<u>\$18,141,062</u>	<u>\$17,046,241</u>

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	<u>(1,406,031)</u>	<u>(543,176)</u>
Retained earnings	<u>\$7,771,765</u>	<u>\$7,045,167</u>

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment. The Township's share of these unpaid claims is approximately \$68,634.

8. JOINTLY GOVERNED ORGANIZATION

Fairfield Regional Planning Commission – The Township appoints a person to represent the Township on the 48 member board of the Fairfield Regional Planning Commission. The Township pays a small membership fee annually. The fee is based on the per capita of the Township. There is no ongoing financial interest or responsibility by the Township.



Auditor of State Betty Montgomery

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

Greenfield Township
Fairfield County
4663 Carroll-Cemetery Road
Carroll, Ohio 43112

To Board of Trustees:

We have audited the financial statements of Greenfield Township, Fairfield County, Ohio (the Township) as of and for the years ended December 31, 2005 and December 31, 2004, and have issued our report thereon dated September 21, 2006, wherein we noted that the Township prepared its financial statements using accounting practices the Auditor of State prescribes 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated September 21, 2006, we reported a matter related to internal control over financial reporting we did not deem a reportable condition.

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 2005-01 and 2005-02. In a separate letter to the Township's management dated September 21, 2006, we reported other matters related to noncompliance we deemed immaterial.

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Greenfield Township
Fairfield County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 21, 2006

**GREENFIELD TOWNSHIP
FARIFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

FINDING NUMBER 2005-001

Ohio Revised Code section 507.24 established Township Trustee salaries. For fiscal year 2004, Townships that have budgets in the range of between \$1,500,001 and \$3,500,000 are to pay Township Trustees \$51.32 per day to a maximum of 200 days, which was in effect from January 1, 2004 until July 31, 2004. The Revised Code Section also states that budgets in the Range of \$3,500,001-\$6,000,000 are to pay Township Trustees \$55.98 per day to a maximum of 200 days, which was in effect August 1, 2004 to December 31, 2004.

In 2004, the Trustees were compensated as follows:

<u>Trustee</u>	<u>Salary per Ohio Rev. Code</u>	<u>Salary Received</u>	<u>Overpayment</u>
John Hizey	\$10,650.78	\$11,127.57	\$476.79
George Hallarn	10,650.78	11,127.57	476.79
Lawrence Joos	10,650.78	11,127.57	476.79

The Clerk incorrectly calculated compensation for 2004 due to the shift in budget pay scales.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended would have been issued against John Hizey, Township Trustee, and the Ohio Township Association Risk Management Authority, his bonding company, in the amount of \$476.79. The finding was repaid by John Hizey and deposited into the Township Treasury on October 4, 2006.

In addition, in accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended would have been issued against George Hallarn, Township Trustee, and the Ohio Township Association Risk Management Authority, his bonding company, in the amount of \$476.79. The finding was repaid by George Hallarn and deposited into the Township Treasury on October 4, 2006.

In addition, in accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended would have been issued against Lawrence Joos, Township Trustee, and the Ohio Township Association Risk Management Authority, his bonding company, in the amount of \$476.79. The finding was repaid by Lawrence Joos and deposited into the Township Treasury on October 6, 2006.

Officials Response: This error was made during the term of Clerk Angela Holbrook who resigned in November of 2005.

**GREENFIELD TOWNSHIP
FARIFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2005-002

Ohio Rev. Code Section 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated. Budgetary expenditures (actual expenditures plus encumbrances) exceeded appropriations at December 31, 2005 and December 31, 2004 as follows:

<u>Year</u>	<u>Fund</u>	<u>Total Appropriations</u>	<u>Total Budgetary Expenditures</u>	<u>Variance</u>
2005	Gasoline Tax	\$69,000	\$103,940	(\$34,940)
2005	Fire Operating Fund	905,300	906,900	(\$1,600)
2005	Road Improvement Fund	96,500	103,608	(\$7,108)
2005	Firehouse Bond Retirement	11,200	132,085	(\$120,885)
2004	Reserve (Fire & Road)	0	13,181	(\$13,181)

We recommend the Treasurer request the Board to approve increased expenditure levels by amending estimated resources and increasing appropriations when necessary. The Clerk should not process expenditures that exceed the appropriation limits established by the Board of Trustees.

Officials' Response: This error was made during the term of Clerk Angela Holbrook who resigned in November of 2005.



**Auditor of State
Betty Montgomery**

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GREENFIELD TOWNSHIP

FAIRFIELD 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
NOVEMBER 16, 2006**