



Mary Taylor, CPA
Auditor of State

**GREEN TOWNSHIP
GALLIA COUNTY**

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Mary Taylor, CPA
Auditor of State

Green Township
Gallia County
323 Lincoln Pike
Gallipolis, Ohio 45631

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 an 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 adverse 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 8, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Green Township
Gallia County
323 Lincoln Pike
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the accompanying financial statements of Green Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008. 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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.

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

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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, 2009 and 2008 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, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Green Township, Gallia County, Ohio, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2010, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 8, 2010

**GREEN TOWNSHIP
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$71,827	\$147,411		\$219,238
Intergovernmental	44,017	212,121		256,138
Earnings on Investments	988	186	\$22	1,196
Miscellaneous	11,085	2,075		13,160
Total Cash Receipts	<u>127,917</u>	<u>361,793</u>	<u>22</u>	<u>489,732</u>
Cash Disbursements:				
Current:				
General Government	84,108	1,338		85,446
Public Safety		43,142		43,142
Public Works	7,060	371,579		378,639
Health		3,456		3,456
Total Cash Disbursements	<u>91,168</u>	<u>419,515</u>	<u>0</u>	<u>510,683</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>36,749</u>	<u>(57,722)</u>	<u>22</u>	<u>(20,951)</u>
Other Financing Receipts / (Disbursements):				
Other Financing Uses	(579)			(579)
Total Other Financing Receipts / (Disbursements)	<u>(579)</u>	<u>0</u>	<u>0</u>	<u>(579)</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	<u>36,170</u>	<u>(57,722)</u>	<u>22</u>	<u>(21,530)</u>
Fund Cash Balances, January 1	<u>127,116</u>	<u>135,626</u>	<u>8,236</u>	<u>270,978</u>
Fund Cash Balances, December 31	<u>\$163,286</u>	<u>\$77,904</u>	<u>\$8,258</u>	<u>\$249,448</u>
Reserve for Encumbrances, December 31	<u>\$10,000</u>	<u>\$1,125</u>	<u>\$0</u>	<u>\$11,125</u>

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

**GREEN TOWNSHIP
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$71,527	\$146,566		\$218,093
Intergovernmental	96,164	163,247		259,411
Earnings on Investments	1,067	306	\$38	1,411
Miscellaneous	347	6,166		6,513
	<u>169,105</u>	<u>316,285</u>	<u>38</u>	<u>485,428</u>
Cash Disbursements:				
Current:				
General Government	93,607	2,383		95,990
Public Safety		43,282		43,282
Public Works	5,445	308,421		313,866
Health		2,538		2,538
Debt Service:				
Redemption of Principal	18,131			18,131
Interest and Other Fiscal Charges	1,024			1,024
	<u>118,207</u>	<u>356,624</u>	<u>0</u>	<u>474,831</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>50,898</u>	<u>(40,339)</u>	<u>38</u>	<u>10,597</u>
Other Financing Receipts / (Disbursements):				
Other Financing Uses	<u>(1,033)</u>			<u>(1,033)</u>
Total Other Financing Receipts / (Disbursements)	<u>(1,033)</u>	<u>0</u>	<u>0</u>	<u>(1,033)</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	49,865	(40,339)	38	9,564
Fund Cash Balances, January 1, Restated see Note 1G	<u>77,251</u>	<u>175,965</u>	<u>8,198</u>	<u>261,414</u>
Fund Cash Balances, December 31	<u>\$127,116</u>	<u>\$135,626</u>	<u>\$8,236</u>	<u>\$270,978</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$56,331</u>	<u>\$0</u>	<u>\$56,331</u>

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

**GREEN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 Green Township, Gallia County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road maintenance. The Township contracts for fire protection with the Village of the City of Gallipolis, Ohio.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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. 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. Deposits 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 records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values certificates of deposit and common stock at cost or fair value when donated.

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.

**GREEN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

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

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

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant Permanent Fund:

Cemetery Bequest Fund - This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

**GREEN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

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. Management has included audit adjustments in the accompanying budgetary presentation for material items that should have been encumbered.

A summary of 2009 and 2008 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. Restatement of Beginning Balances

The Township voided prior period checks in May, 2008. The Township also adjusted the Cemetery Bequest Fund to post interest received on Cemetery Bequests during the prior audit period to the Cemetery Fund. As a result, the January 1, 2008 balances were restated as follows:

Fund Type	12/31/2007 Balance	Amount	Restated 1/1/2008 Balance
General Fund	\$ 77,041	\$ 210	\$ 77,251
Special Revenue	173,683	2,282	175,965
Permanent	8,292	(94)	8,198

2. Equity in Pooled Deposits and Investments

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

	2009	2008
Demand deposits	\$ 247,089	\$ 268,619
Certificates of deposit	1,000	1,000
Total deposits	248,089	269,619
Common stock (at cost)	1,359	1,359
Total deposits and investments	\$ 249,448	\$ 270,978

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation and collateralized by securities specifically pledged by the financial institution to the Township.

**GREEN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$87,418	\$127,917	\$40,499
Special Revenue	451,385	361,793	(89,592)
Total	\$538,803	\$489,710	(\$49,093)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$197,500	\$101,747	\$95,753
Special Revenue	444,990	420,640	24,350
Total	\$642,490	\$522,387	\$120,103

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$107,983	\$169,105	\$61,122
Special Revenue	292,800	316,285	23,485
Total	\$400,783	\$485,390	\$84,607

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$158,650	\$119,240	\$39,410
Special Revenue	396,740	412,955	(16,215)
Total	\$555,390	\$532,195	\$23,195

Contrary to Ohio law, appropriations exceeded actual resources in the Motor Vehicle License Fund by \$5,215, and in the Gas Tax Fund by \$13,095 for the year ended December 31, 2009 and in the Road and Bridge Fund by \$8,148 in 2008. Also contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Gas Tax Fund by \$11,851 and in the Road and Bridge Fund by \$19,310 for the year ended December 31, 2009. Expenditures also exceeded appropriation authority in the Gas Tax Fund by \$21,258 and in the Road and Bridge Fund by \$16,335 for the year ended December 31, 2008. Also contrary to Ohio law, the Road and Bridge Fund had a cash deficit balance of \$33,669 at December 31, 2009 and \$2,790 at December 31, 2008.

**GREEN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(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 the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due 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 System

The Township's officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. 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 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

6. 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.

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. Risk Management (Continued)

Risk Pool Membership (Continued)

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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

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

Financial Position

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

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, 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 \$3,000.

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.

<u>Contributions to OTARMA</u>	
2007	\$ 4,032
2008	\$ 3,759
2009	\$ 3,323

**GREEN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. Risk Management (Continued)

Risk Pool Membership (Continued)

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

On November 9, 2009, operator, Carter Belville submitted a claim for overtime hours worked from May 3, 2003 to the date of the meeting. The minutes identified Mr. Belville as an operator/consultant with a salary of \$499 per month. Upon receipt of the claim, the Trustees recognized Mr. Belville's approved hourly rate from May 3, 2003 through November 9, 2009 as being \$8.50 per hour. The Trustees authorized the Fiscal Officer to reconcile the hours owed to Mr. Belville and use \$8.50 per hour to calculate the liability.

On December 14, 2009, the Fiscal Officer determined that Mr. Belville worked a total of 9,137.50 hours since May 2003. Based upon a pay rate of \$8.50 per hour, calculations indicated the Township still owed Mr. Belville \$38,745.75.

As of December 31, 2009, the Township had not made any payments to Mr. Belville.

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Mary Taylor, CPA

Auditor of State

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

Green Township
Gallia County
323 Lincoln Pike
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the financial statements of Green Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated July 8, 2010, wherein we noted 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 also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting that we consider a material weakness and another deficiency we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider Finding 2009-007 described in the accompanying Schedule of Findings to be a material weakness.

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A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2009-008 described in the accompanying Schedule of Findings to be a significant deficiency.

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 we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2009-001 through 2009-006.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 8, 2010.

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

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



Mary Taylor, CPA
Auditor of State

July 8, 2010

**GREEN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Noncompliance

Article VIII, Sections 4 and 6 of the Ohio Constitution prohibit public bodies from becoming a “stockholder in any joint stock company, corporation or association.”

- However, Article VIII, Section 6 of the Constitution provides an exemption which allows public bodies to purchase insurance from mutual insurance companies (Note that insured parties of mutual insurance companies become stockholders.).
- The AOS also does not believe Ohio Rev. Code Chapter 135 prohibits a government from holding stock donated to it.

The Township was donated one share of Ohio Valley Banc Corp. stock through a bequest in 1961. The will specified use of the income from this donation for the care and upkeep of three family graves in Centenary Cemetery. The Township has used this donated stock to participate in a dividend reinvestment plan. At December 31, 2009, the reinvestment of the dividends had resulted in an accumulation of 451 shares valued at \$22.03 per share for a total of \$9,952. The Township did not use the bequest in the manner prescribed by the donor and the participation in the stock reinvestment plan is in violation of Ohio law.

We recommend the Township liquidate the stock accumulated through the dividend reinvestment activity and deposit the proceeds into the Permanent fund to use as specified in the will.

Officials’ Response: The Township will consult with the Prosecuting Attorney regarding liquidating the accumulated stock to resolve this matter.

FINDING NUMBER 2009-002

Noncompliance

Ohio Rev. Code Section 5549.21 states in part the board of township trustees may purchase or lease such machinery and tools as are necessary for use in constructing, reconstructing, maintaining, and repairing roads and culverts within the township, and shall provide suitable places for housing and storing machinery and tools owned by the township. It may purchase such material and employ such labor as is necessary for carrying into effect this section, or it may authorize the purchase or employment of such material and labor by one of its number, or by the township highway superintendent, at a price to be fixed by the board. All payments on account of machinery, tools, material, and labor shall be made from the township road fund.

Effective December 31, 2008, House Bill 458 made changes to R.C. 5705.05 and 5705.06. Formerly, pursuant to R.C. 5705.05 and 5705.06, townships were prohibited from using proceeds from a general levy for current expenses for the construction, reconstruction, resurfacing, or repair of roads and bridges. This had been interpreted as also prohibiting transfers from a township’s general fund to their road and bridge fund, unless the general levy monies were segregated from those unrestricted portions of the general fund. The Bill, however, removes this statutory prohibition, and townships are no longer restricted from transferring general levy money to the road and bridge fund.

**GREEN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-002 (Continued)

Noncompliance - Ohio Rev. Code Section 5549.21 (Continued)

Check number 8087 dated April 14, 2008 to the Shelley Company for \$75,337.03 included an allocation of \$35,000 from the General fund. This resulted in an overstatement expenditures in the General Fund and an understatement of expenditures in the Gasoline Tax Fund. The Township posted the adjustment to the audited financial statements.

We recommend the Township post all expenditures for road construction and maintenance to the Gasoline Tax, Motor Vehicle License Tax, or Permissive Motor Vehicle License Tax Fund.

Officials' Response: This adjustment has been made.

FINDING NUMBER 2009-003

Noncompliance

Ohio Rev. Code Section 5705.10(H) states that money paid into a fund must be used only for the purpose for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The following fund had negative fund balances:

12/31/2009		12/31/2008	
Fund	Balance	Fund	Balance
Road and Bridge	\$ (33,669)	Road and Bridge	\$ (2,790)

This is a result of overspending by the Township and was due to a lack of budgetary oversight by management.

We recommend the Township take the necessary steps to eliminate negative fund balances and only post disbursements into a fund for the purposes for which such fund has been established. We also recommend the Township establish a plan to curtail unnecessary spending in order to eliminate negative fund balances.

Officials' Response: The Township is making an effort to monitor spending to eliminate overspending.

**GREEN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-004

Noncompliance

Ohio Rev. Code Section 5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

Appropriations were greater than actual resources at December 31, 2009, in the following funds:

<u>Fund</u>	<u>Actual Resources</u>	<u>Appropriation Authority</u>	<u>Variance</u>
Motor Vehicle License	\$ 29,785	\$ 35,000	\$ (5,215)
Gas Tax	86,205	99,300	(13,095)

Appropriations were greater than actual resources at December 31, 2008, in the following fund:

<u>Fund</u>	<u>Actual Resources</u>	<u>Appropriation Authority</u>	<u>Variance</u>
Road and Bridge	\$ 160,852	\$ 169,000	\$ (8,148)

This caused the Township to spend more money than was available to spend.

We recommend the Township monitor estimated and actual revenues for all funds on a regular basis. In the situation where appropriations exceed actual resources, the Township should adjust appropriations accordingly.

Officials' Response: The Township will monitor estimated and actual revenues more efficiently and adjust appropriations accordingly.

FINDING NUMBER 2009-005

Noncompliance

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from making any expenditure unless it has been appropriated.

**GREEN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

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

FINDING NUMBER 2009-005 (Continued)

Noncompliance - Ohio Rev. Code Section 5705.41(B) (Continued)

Expenditures exceeded appropriations at December 31, 2009, at the legal level of control, in the following funds:

Fund	Total Expenditures	Appropriation Authority	Variance
Gas Tax	\$ 111,151	\$ 99,300	\$ (11,851)
Road and Bridge	203,310	184,000	19,310

Expenditures exceeded appropriations at December 31, 2008, at the legal level of control, in the following funds:

Fund	Total Expenditures	Appropriation Authority	Variance
Gas Tax	\$ 135,558	\$ 114,300	\$ (21,258)
Road and Bridge	185,335	169,000	(16,335)

We recommend the Fiscal Officer monitor appropriation levels throughout the year and when it becomes apparent actual expenditures may exceed appropriations, request the Board of Trustee's to approve increased appropriations and amend estimated resources, if necessary.

Officials' Response: The Fiscal Officer will monitor appropriation levels throughout the year more efficiently.

FINDING NUMBER 2009-006

Noncompliance

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**GREEN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-006 (Continued)

Noncompliance - Ohio Rev. Code Section 5705.41(D)(1) (Continued)

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the 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 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – The fiscal officer 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 one particular line item appropriation.

3. 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 reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

In 2009 and 2008, then and now certificates were used for payments to Shelley Company for paving and the Village of the City of Gallipolis for fire contracts. These amounts were in excess \$3,000 and should have been encumbered prior to obligation.

The Township did not have sufficient internal controls in place to ensure the certification of the availability of funds for material foreseeable contract obligations.

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but is also a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used

**GREEN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

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

FINDING NUMBER 2009-006 (Continued)

Noncompliance - Ohio Rev. Code Section 5705.41(D)(1)(Continued)

We recommend the Township officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certificate language of Ohio Rev. Code Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs the commitment, and only when the requirements of Ohio Rev. Code Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials' Response: The Township Trustees receive and sign monthly reports of purchase orders.

FINDING NUMBER 2009-007

Material Weakness

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustment or reclassification:

- In 2009, Homestead and Rollback receipts from the State of Ohio in the amount of \$30,759 were posted as taxes.
- In 2009, the tangible personal property tax reimbursement from the State of Ohio in the amount of \$22,280 was posted as taxes.
- In 2009, permissive motor vehicle tax receipts in the amount of \$29,989 were posted as taxes.
- In 2009, a payment for paving made by the County on behalf of the Township in the amount of \$35,000 was not posted.
- In 2009, outstanding encumbrances in the amount of \$11,125 were not recorded at year end.
- In 2008, redemption of Series H savings bonds in the amount of \$2,000 was posted as a receipt without a corresponding posting to the investments balance.
- In 2008, Homestead and Rollback receipts from the State of Ohio in the amount of \$29,146 were posted as taxes.
- In 2008, the tangible personal property tax reimbursement from the State of Ohio in the amount of \$16,600 was posted as taxes.
- In 2008, permissive motor vehicle tax receipts in the amount of \$29,861 were posted to the Motor Vehicle License Fund as taxes.
- In 2008, paving expenditures in the amount of \$35,000 were posted to the General Fund.
- In 2008, debt principal and interest payments in the amount of \$19,155 were posted as capital outlay in the General Fund.
- In 2008, outstanding encumbrances in the amount of \$56,331 were not recorded at year end.

**GREEN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

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

FINDING NUMBER 2009-007 (Continued)

Material Weakness - Adjustments and Reclassifications (Continued)

All of the above noted adjustments have been posted to the financial statements and to the Township's UAN accounting system.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township.

Officials' Response: Fiscal Officer will record monies received in the appropriate line items.

FINDING NUMBER 2009-008

Significant Deficiency

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2009, estimated resources as approved by the Budget Commission did not agree to the Township's accounting system for two funds. This was due, in part, to the Fiscal Officer not posting amended budget entries to the UAN system. The variances and funds are as follows:

Fund	Estimated Revenue Approved by Budget Commission	Estimated Revenue Posted to UAN System	Variance
Gasoline Tax	\$ 88,200	\$ 75,200	\$ (13,000)
Road and Bridge	137,428	120,428	(17,000)

At December 31, 2008 estimated resources as approved by the Budget Commission did not agree to the Township's accounting system for five funds. At December 31, 2009, estimated resources as approved by the Budget Commission did not agree to the Township's accounting system for five funds. The variances and funds are as follows:

Fund	Estimated Revenue Approved by Budget Commission	Estimated Revenue Posted to UAN System	Variance
General	\$ 119,498	\$ 119,150	\$ (348)
Motor Vehicle License Tax	37,000	36,950	(50)
Gasoline Tax	70,200	70,000	(200)
Road and Bridge	119,743	119,000	(743)
Fire Levy	51,864	51,500	(364)

**GREEN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-008 (Continued)

Significant Deficiency - Reporting of Approved Budgetary Information (Continued)

In addition, at December 31, 2009, appropriations as approved by the Budget Commission did not agree to the Township's accounting system for two funds. This was due, in part, to the Fiscal Officer posting amended budget entries to the UAN system without Board or Budget Commission approval. The variances and funds are as follows:

Fund	Appropriations Approved by Budget Commission	Appropriations Posted to UAN System	Variance
Gasoline Tax	\$ 99,300	\$ 110,030	\$ 10,730
Road and Bridge	149,000	168,466	19,466

Due to budgetary information being improperly entered into the system, the management of the Township lost some degree of budgetary control.

We recommend the Fiscal Officer accurately post estimated receipts as certified by the County Budget Commission into the computer system. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

Officials' Response: Fiscal Officer will accurately post estimated receipts.

**GREEN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Rev. Code Section 507.09 Finding for Recovery for overpayment of fiscal officer compensation.	Yes	
2007-002	Ohio Rev. Code Section 505.601 for reimbursement of family insurance coverage.	Yes	
2007-003	Ohio Rev. Code Section 5705.09(F) establishment of Special Revenue funds for new funding sources.	Yes	
2007-004	Ohio Rev. Code Section 5705.41(D)(1) not certifying availability of funds prior to incurring an obligation.	No	Repeated as Finding Number 2009-006 in the accompanying Schedule of Findings.
2007-005	Significant Deficiency – Integrating budgetary amounts into the financial system.	No	Repeated as Finding Number 2009-08 in the accompanying Schedule of Findings.



Mary Taylor, CPA
Auditor of State

GREEN TOWNSHIP

GALLIA 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 29, 2010**