

Green Township
Scioto County
Regular Audit
For the Years Ended December 31, 2009 and 2008



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Mary Taylor, CPA

Auditor of State

Board of Trustees
Green Township
3247 Jr. Furnace Powellsville Road
Franklin Furnace, Ohio 45629

We have reviewed the *Independent Auditor's Report* of Green Township, Scioto County, prepared by Millhuff-Stang, CPA, Inc, for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Green Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 26, 2010

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Green Township
Scioto County
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For the Years Ended December 31, 2009 and 2008

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Independent Auditor's Report

Board of Trustees
Green Township
3247 Jr. Furnace Powellsville Road
Franklin Furnace, Ohio 45629

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 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.

Green Township
Scioto County
Independent Auditor's Report
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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Green Township, Scioto County, 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 August 27, 2010 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

August 27, 2010

Green Township
Scioto 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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property and Other Local Taxes	\$82,562	\$431,354	\$513,916
Charges for Services	0	152,505	152,505
Licenses, Permits, and Fees	12,635	0	12,635
Intergovernmental	116,037	531,440	647,477
Earnings on Investments	205	15	220
Miscellaneous	4,854	13,397	18,251
Total Cash Receipts	216,293	1,128,711	1,345,004
Cash Disbursements:			
Current:			
General Government	219,273	0	219,273
Public Safety	0	705,374	705,374
Public Works	2,868	252,189	255,057
Health	1,539	3,135	4,674
Capital Outlay	0	173,592	173,592
Debt Service:			
Redemption of Principal	0	20,000	20,000
Interest and Other Fiscal Charges	0	692	692
Total Cash Disbursements	223,680	1,154,982	1,378,662
Total Cash Receipts Under Cash Disbursements	(7,387)	(26,271)	(33,658)
Fund Cash Balances, January 1	20,531	581,034	601,565
Fund Cash Balances, December 31	<u>\$13,144</u>	<u>\$554,763</u>	<u>\$567,907</u>

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

Green Township
Scioto 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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property and Other Local Taxes	\$83,561	\$484,790	\$568,351
Charges for Services	0	106,182	106,182
Licenses, Permits, and Fees	12,236	0	12,236
Intergovernmental	115,322	482,469	597,791
Earnings on Investments	8,863	235	9,098
Miscellaneous	2,667	9,427	12,094
Total Cash Receipts	222,649	1,083,103	1,305,752
Cash Disbursements:			
Current:			
General Government	213,701	0	213,701
Public Safety	0	624,391	624,391
Public Works	2,503	204,436	206,939
Health	552	6,967	7,519
Capital Outlay	0	141,590	141,590
Debt Service:			
Redemption of Principal	0	59,000	59,000
Interest and Other Fiscal Charges	0	3,277	3,277
Total Cash Disbursements	216,756	1,039,661	1,256,417
Total Cash Receipts Over Cash Disbursements	5,893	43,442	49,335
Other Financing Sources (Uses):			
Transfers In	0	650	650
Transfers Out	(650)	0	(650)
Advances In	200	200	400
Advances Out	(200)	(200)	(400)
Total Other Financing Sources (Uses)	(650)	650	0
Excess of Cash Receipts and Other Financing Sources Over Cash Disbursements and Other Financing Uses	5,243	44,092	49,335
Fund Cash Balances, January 1 - As Restated	15,288	536,942	552,230
Fund Cash Balances, December 31	\$20,531	\$581,034	\$601,565

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

Green Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 1 – Summary of Significant Accounting Policies

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Green Township, Scioto County (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, fire protection and emergency medical services. Police protection is provided by the Scioto County Sheriff's Department.

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

Basis of Accounting

These financial statements follow the accounting basis the Auditor of State of Ohio 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.

Cash

The Township maintains its cash pool in an interest-bearing checking account with a local commercial bank.

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:

General Fund

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

Special Revenue Funds

These funds account for proceeds from specific sources (other than those 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:

Road and Bridge Fund – This fund is used to account for road work done by the Township.

Police Fund – This fund receives property tax money to provide police protection to residents of the Township.

Fire Fund – This fund receives property tax money to provide fire protection to residents of the Township.

Green Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 1 – Summary of Significant Accounting Policies (Continued)

Emergency Management Services Fund – This fund receives property tax money and charges for services to provide ambulatory services to residents of the Township.

Budgetary Process

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

Appropriations

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

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled and re-appropriated in the subsequent year.

A summary of the 2009 and 2008 budgetary activity appears in Note 3.

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.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

Note 2 – Equity in Pooled Cash

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

	2009	2008
Demand Deposits	\$567,907	\$601,565

Green Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 2 – Equity in Pooled Cash (Continued)

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2009 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$224,342	\$216,293	(\$8,049)
Special Revenue	1,086,373	1,128,711	42,338
Total	\$1,310,715	\$1,345,004	\$34,289

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$232,616	\$223,680	\$8,936
Special Revenue	1,661,436	1,154,982	506,454
Total	\$1,894,052	\$1,378,662	\$515,390

Budgetary activity for the year ending December 31, 2008 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$222,649	\$222,649	\$0
Special Revenue	1,083,753	1,083,753	0
Total	\$1,306,402	\$1,306,402	\$0

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$237,693	\$217,406	\$20,287
Special Revenue	1,620,655	1,039,661	580,994
Total	\$1,858,348	\$1,257,067	\$601,281

Contrary to Ohio Revised Code Section 5705.41(D), the Township had disbursements not certified at the time of commitment in 2008 and 2009.

Note 4 – Property Taxes

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.

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

Green Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 4 – Property Taxes (Continued)

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

Note 5 – Debt

In 2005, the Township issued bonds for the purpose of purchasing a fire truck. These bonds carried an interest rate of 3.98% and a maturity date of September 1, 2008. These bonds were paid from the Fire Fund. These bonds were retired during 2008.

In 2007, the Township issued bonds for the purpose of purchasing a backhoe. These bonds carried an interest rate of 4.50% and a maturity date of December 1, 2009. These bonds were paid from the Road and Bridge Fund. These bonds were retired during 2009.

Note 6 – Retirement System

The Township's employees and officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes 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, with the Township contributing an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

Note 7 – Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Green Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 9 – Restatement of Fund Cash Balances

In 2008, the Township made adjustments to beginning fund cash balances to clear old outstanding checks. These adjustments had the following effect on beginning fund cash balances:

	General Fund	Special Revenue Funds
Fund Cash Balance, December 31, 2007	\$14,709	\$536,760
Restatements	579	182
Restated Fund Cash Balance, December 31, 2007	\$15,288	\$536,942

Note 10 – Change in Financial Statement Presentation

In 2008 and 2009, the Township elected to change its financial statement presentation to follow the accounting basis the Auditor of State prescribes or permits as further discussed in Note 1.

Note 11 – Subsequent Events

On January 7, 2010, the Township issued \$300,000 Fire Truck Bonds for the purchase of a fire truck. The bonds carry an interest rate of 3.95% and mature January 7, 2018.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Trustees
Green Township
3247 Jr. Furnace Powellsville Road
Franklin Furnace, Ohio 45629

We have audited the financial statements of Green Township, Scioto County (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated August 27, 2010, wherein we noted the Township followed the accounting basis the Auditor of State prescribes or permits, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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.

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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion 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 and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. This item is identified as item 2009-1.

Green Township
Scioto County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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Compliance and Other Matters

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 grant agreements, 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2009-2.

We noted certain matters that we reported to management of the Township in a separate letter dated August 27, 2010.

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

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



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

August 27, 2010

Green Township
Scioto County
Schedule of Findings and Responses
For the Years Ended December 31, 2009 and 2008

Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS

FINDING NUMBER 2009-1

Material Weakness – Misstatements in the Financial Statements

The Township misclassified several receipts and disbursements in 2008 and 2009 and in limited instances posted amounts into incorrect funds. These items were corrected in the accompanying financial statements. A monitoring system by the Township should be in place to prevent or detect misstatements for the accurate presentation of the Township's financial statements. The Township should implement additional monitoring procedures to ensure receipts and disbursements are properly recorded.

Client Response:

The Township chose not to respond.

FINDING NUMBER 2009-2

Noncompliance – Proper Certification of Funds

Ohio Revised 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 statute provides the following exception to this basic requirement:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that she is completing 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 previous 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.

Amounts of less than \$3,000 for political subdivisions other than counties 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.

Instances were noted where the Township did not properly encumber funds. The Township should implement budgetary monitoring procedures to ensure that funds are properly and timely encumbered prior to commitment. When prior certification is not possible, "then and now" certification should be used.

Client Response:

The Township chose not to respond.

Green Township
Scioto County
Schedule of Prior Audit Findings
For the Years Ended 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	Noncompliance – Ohio Revised Code Section 5705.41(D) – Failure to properly certify the availability of funds	No	Reissued as Finding 2009-2
2007-002	Material Weakness – Misstatements and misclassifications within the financial statements	No	Reissued as Finding 2009-1



Mary Taylor, CPA
Auditor of State

GREEN TOWNSHIP

SCIOTO 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 9, 2010**