

Green Township  
Scioto County  
Regular Audit  
For the Years Ended December 31, 2011 and 2010



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**Green Township**  
**Scioto County**  
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*For the Years Ended December 31, 2011 and 2010*

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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, 2011 and 2010. 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 require presenting entity-wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to follow GAAP statement formatting 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, 2011 and 2010 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, 2011 and 2010, 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 as of December 31, 2011 and 2010, and the reserves for encumbrances as of December 31, 2010 of Green Township, Scioto County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 9, during 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2012 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.

June 28, 2012

**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, 2011*

|   | Governmental Fund Types |                    | Totals<br>(Memorandum<br>Only) |
|---|-------------------------|--------------------|--------------------------------|
|   | General                 | Special<br>Revenue |                                |
| <b>Cash Receipts:</b>                               |                         |                    |                                |
| Property and Other Local Taxes                      | \$88,056                | \$464,794          | \$552,850                      |
| Charges for Services                                | 0                       | 90,278             | 90,278                         |
| Licenses, Permits, and Fees                         | 28,286                  | 0                  | 28,286                         |
| Intergovernmental                                   | 105,267                 | 537,495            | 642,762                        |
| Earnings on Investments                             | 279                     | 52                 | 331                            |
| Miscellaneous                                       | 4,938                   | 16,314             | 21,252                         |
| <b>Total Cash Receipts</b>                          | <b>226,826</b>          | <b>1,108,933</b>   | <b>1,335,759</b>               |
| <b>Cash Disbursements:</b>                          |                         |                    |                                |
| <b>Current:</b>                                     |                         |                    |                                |
| General Government                                  | 146,260                 | 0                  | 146,260                        |
| Public Safety                                       | 355                     | 720,114            | 720,469                        |
| Public Works  | 1,919                   | 194,739            | 196,658                        |
| Health  | 44,749                  | 2,624              | 47,373                         |
| Capital Outlay                                      | 0                       | 177,627            | 177,627                        |
| <b>Debt Service:</b>                                |                         |                    |                                |
| Redemption of Principal                             | 0                       | 33,905             | 33,905                         |
| Interest and Other Fiscal Charges                   | 0                       | 10,562             | 10,562                         |
| <b>Total Cash Disbursements</b>                     | <b>193,283</b>          | <b>1,139,571</b>   | <b>1,332,854</b>               |
| <b>Total Cash Receipts Under Cash Disbursements</b> | <b>33,543</b>           | <b>(30,638)</b>    | <b>2,905</b>                   |
| <b>Fund Cash Balances, January 1</b>                | <b>21,386</b>           | <b>548,299</b>     | <b>569,685</b>                 |
| <b>Fund Cash Balances, December 31</b>              |                         |                    |                                |
| <b>Restricted for:</b>                              |                         |                    |                                |
| Motor Vehicle License Tax                           | 0                       | 20,472             | 20,472                         |
| Gas Tax   | 0                       | 14,396             | 14,396                         |
| Cemetery  | 0                       | 1,276              | 1,276                          |
| Police  | 0                       | 98,789             | 98,789                         |
| Fire  | 0                       | 160,924            | 160,924                        |
| Fire and Ambulance                                  | 0                       | 149,206            | 149,206                        |
| FEMA  | 0                       | 7,200              | 7,200                          |
| <b>Committed to:</b>                                |                         |                    |                                |
| Road and Bridge                                     | 0                       | 65,398             | 65,398                         |
| <b>Assigned to:</b>                                 |                         |                    |                                |
| Other Purposes                                      | 480                     | 0                  | 480                            |
| Unassigned  | 54,449                  | 0                  | 54,449                         |
| <b>Fund Cash Balances, December 31</b>              | <b>\$54,929</b>         | <b>\$517,661</b>   | <b>\$572,590</b>               |

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, 2010*

|   | Governmental Fund Types |                    | Totals<br>(Memorandum<br>Only) |
|---|-------------------------|--------------------|--------------------------------|
|   | General                 | Special<br>Revenue |                                |
| <b>Cash Receipts:</b>   |                         |                    |                                |
| Property and Other Local Taxes  | \$82,477                | \$452,576          | \$535,053                      |
| Charges for Services  | 0                       | 110,954            | 110,954                        |
| Intergovernmental   | 107,548                 | 472,396            | 579,944                        |
| Earnings on Investments   | 290                     | 38                 | 328                            |
| Miscellaneous   | 5,523                   | 9,893              | 15,416                         |
| <b>Total Cash Receipts</b>  | <b>195,838</b>          | <b>1,045,857</b>   | <b>1,241,695</b>               |
| <b>Cash Disbursements:</b>  |                         |                    |                                |
| <b>Current:</b>   |                         |                    |                                |
| General Government  | 141,606                 | 0                  | 141,606                        |
| Public Safety   | 645                     | 744,082            | 744,727                        |
| Public Works  | 3,648                   | 164,327            | 167,975                        |
| Health  | 41,697                  | 3,387              | 45,084                         |
| Capital Outlay  | 0                       | 395,894            | 395,894                        |
| <b>Debt Service:</b>  |                         |                    |                                |
| Redemption of Principal   | 0                       | 32,616             | 32,616                         |
| Interest and Other Fiscal Charges   | 0                       | 12,015             | 12,015                         |
| <b>Total Cash Disbursements</b>   | <b>187,596</b>          | <b>1,352,321</b>   | <b>1,539,917</b>               |
| <b>Total Cash Receipts Over Cash Disbursements</b>  | <b>8,242</b>            | <b>(306,464)</b>   | <b>(298,222)</b>               |
| <b>Other Financing Sources (Uses):</b>  |                         |                    |                                |
| Sale of Bonds   | 0                       | 300,000            | 300,000                        |
| <b>Total Other Financing Sources (Uses)</b>   | <b>0</b>                | <b>300,000</b>     | <b>300,000</b>                 |
| <b>Excess of Cash Receipts and Other Financing Sources<br/>Over Cash Disbursements and Other Financing Uses</b> | <b>8,242</b>            | <b>(6,464)</b>     | <b>1,778</b>                   |
| <b>Fund Cash Balances, January 1</b>  | <b>13,144</b>           | <b>554,763</b>     | <b>567,907</b>                 |
| <b>Fund Cash Balances, December 31</b>  | <b>\$21,386</b>         | <b>\$548,299</b>   | <b>\$569,685</b>               |
| <b>Reserve for Encumbrances, December 31</b>  | <b>\$486</b>            | <b>\$2,543</b>     | <b>\$3,029</b>                 |

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, 2011 and 2010*

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**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, 2011 and 2010*

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**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 carried forward to the subsequent year and are not reappropriated.

A summary of the 2011 and 2010 budgetary activity appears in Note 3.

**Fund Balances**

At December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* – The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

*Restricted* – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

*Committed* – The Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.



**Green Township**  
**Scioto County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2011 and 2010*

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

*Assigned* – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by the Township Trustees or a Township official delegated that authority by resolution, or by State statute.

*Unassigned* – Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**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:

|                 |           |           |
|-----------------|-----------|-----------|
|                 | 2011      | 2010      |
| Demand Deposits | \$572,590 | \$569,685 |

*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, 2011 follows:

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
|-----------------|----------------------|--------------------|-----------|
| General         | \$222,000            | \$226,826          | \$4,826   |
| Special Revenue | 928,591              | 1,108,933          | 180,342   |
| Total           | \$1,150,591          | \$1,335,759        | \$185,168 |

**Green Township  
Scioto County**

*Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010*

**Note 3 – Budgetary Activity (Continued)**

| Fund Type       | Appropriation Authority | Budgetary Expenditures | Variance  |
|-----------------|-------------------------|------------------------|-----------|
| General         | \$188,763               | \$193,763              | (\$5,000) |
| Special Revenue | 1,283,755               | 1,142,039              | 141,716   |
| Total           | \$1,472,518             | \$1,335,802            | \$136,716 |

Budgetary activity for the year ending December 31, 2010 follows:

| Fund Type       | Budgeted Receipts | Actual Receipts | Variance  |
|-----------------|-------------------|-----------------|-----------|
| General         | \$186,222         | \$195,838       | \$9,616   |
| Special Revenue | 1,109,630         | 1,345,857       | 236,227   |
| Total           | \$1,295,852       | \$1,541,695     | \$245,843 |

| Fund Type       | Appropriation Authority | Budgetary Expenditures | Variance      |
|-----------------|-------------------------|------------------------|---------------|
| General         | \$0                     | \$188,082              | (\$188,082)   |
| Special Revenue | 0                       | 1,354,864              | (1,354,864)   |
| Total           | \$0                     | \$1,542,946            | (\$1,542,946) |

**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.

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

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

**Note 5 – Debt**

Debt outstanding at December 31, 2011 was as follows:

|                 | Principal | Interest Rate |
|-----------------|-----------|---------------|
| Fire Truck Note | \$233,479 | 3.95%         |

On January 7, 2010, the Township issued note for \$300,000 to finance the purchase of a fire truck. The Township is scheduled to make annual payments in the amount of \$44,466, which includes interest, through January 7, 2018. The note is collateralized by the fire truck.

**Green Township**  
**Scioto County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2011 and 2010*

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**Note 5 – Debt (Continued)**

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

| Year Ending<br>December 31: | Fire Truck<br>Note |
|-----------------------------|--------------------|
| 2012                        | \$0                |
| 2013                        | 44,466             |
| 2014                        | 44,466             |
| 2015                        | 44,466             |
| 2016-2018                   | 133,398            |
| Total                       | <u>\$266,796</u>   |

The payment due on January 7, 2012 was paid prior to December 31, 2011 and therefore met the 2012 obligation.

**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 2011 and 2010, 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, 2011.

**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, 2011 and 2010*

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**Note 9 – Change in Accounting Principles**

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which the Township has implemented for the year ended December 31, 2011. This pronouncement does not affect the calculation of the Township's fund balances but does shift the focus of fund balance reporting from the availability of fund resources for budgeting to the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in funds can be spent (see Note 1). Fund balances have been classified in the financial statements, as applicable, for the year ended December 31, 2011 in accordance with this pronouncement. This pronouncement also requires that certain funds previously reported as Special Revenue Funds be reclassified to the General Fund. The Township has no funds that required fund reclassification.

**Note 10 – Accountability and Compliance**

- The Township did not always certify the availability of funds contrary to Ohio Revised Code Section 5705.41(D).
- The Township had expenditures in excess of appropriations contrary to Ohio Revised Code Section 5705.41(B).
- The Township did not file its appropriation measures in 2010 or timely in 2011 with the county auditor contrary to Ohio Revised Code Section 5705.39.

**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, 2011 and 2010, and have issued our report thereon dated June 28, 2012, wherein we noted the Township followed the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted, for the year ended December 31, 2011, the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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**

Management of the Township is responsible for establishing and maintaining effective 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 certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 a 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 deficiencies described in the accompanying schedule of findings and responses to be material weaknesses, and which are described in the accompanying schedule of findings and responses as items 2011-001 and 2011-004.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2011-002 and 2011-003.

We noted certain matters that we reported to management of the Township in a separate letter dated June 28, 2012.

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 entity, 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.

June 28, 2012

**Green Township**  
**Scioto County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2011 and 2010*

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

**FINDING NUMBER 2011-001**

**Material Weakness – Misstatements in the Financial Statements**

The Township misclassified various receipts and disbursements in 2010 and 2011 and in certain 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:**

We understand.

**FINDING NUMBER 2011-002**

**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:**

We had started using blanket certificates after learning from 2008-2009 audit. 2011 shows a reduction from 15% (2010) to 4%. We strive to continue improvement.

**Green Township**  
**Scioto County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2011 and 2010*

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**FINDING NUMBER 2011-003**

**Noncompliance – Annual Appropriations Measures and Expenditures in Excess of Appropriations**

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. Ohio Revised Code 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. Ohio Revised Code Section 5705.39 states that no appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The Township had expenditures in excess of appropriations in 2010 and 2011 because the annual appropriation measure for 2010 was not filed with the county and the 2011 measure was not filed with the county until June 21, 2011. The Township should implement the appropriate procedures to ensure that annual appropriation measures are filed with the county in a timely fashion. The Township should also implement the appropriate procedures, such as periodic comparisons of expenditures to appropriations, to ensure that expenditures are limited to authorized appropriated amounts.

**Township Response:**

We understand.

**FINDING NUMBER 2011-004**

**Budgetary Information Within UAN**

Accurate budgetary information within the Township's accounting system is pertinent to ensure that the Township has accurate and complete information for decision-making processes. Budgetary items were entered into the accounting system that could not be identified as approved within the minutes. The Township should implement the appropriate procedures, such as ensuring minutes include accurate information on budgetary amendments and reconciling budgetary information within the accounting system to formally approved budgets, to ensure that budgetary information is presented accurately and completely.

**Township Response:**

We understand.



**Green Township**  
**Scioto County**  
*Schedule of Prior Audit Findings*  
*For the Years Ended December 31, 2011 and 2010*

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| Finding Number | Finding Summary  | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|--|------------------|---|
| 2009-1         | Material Weakness – Misstatements and misclassifications within the financial statements                     | No               | Reissued as Finding 2011-001  |
| 2009-2         | Noncompliance – Ohio Revised Code Section 5705.41(D) – Failure to properly certify the availability of funds | No               | Reissued as Finding 2011-002  |