



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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GREEN TOWNSHIP
BROWN COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2014 and 2013
Fiscal Years Audited Under GAGAS: 2014 and 2013



Dave Yost • Auditor of State

Board of Trustees
Green Township
4147 State Route 286
Mr. Orab, Ohio 45154

We have reviewed the *Independent Auditor's Report* of Green Township, Brown County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2013 through December 31, 2014. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding For Recovery Repaid Under Audit

As provided in Ohio Rev. Code § 505.60 and § 505.601, the board of township trustees of any township may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees.

If a board of township trustees does not procure an insurance policy or group health care services as provided in § 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium attributable to the coverage provided for them insurance benefits as described in the paragraph above, if all of the following conditions are met:

- (A) The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan and has chosen instead to reimburse its officers and employees for each out-of-pocket premium attributable to the coverage provided for them for insurance benefits that they otherwise obtain.
- (B) That the resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee to cover themselves and their immediate dependents, beyond which the township will not reimburse the officer or employee.
- (C) That resolution states the specific benefits for which the township will reimburse all officers and employees of the township.

As provided by Ohio Rev. Code § 505.601, the Township Trustees passed a resolution that stated that the Township had chosen to not provide insurance, but would reimburse a maximum of \$4,000 yearly.

Pamela Campbell, Fiscal Officer was paid \$4,000 in 2013 and 2014 for her insurance premiums, however, she only paid \$2,952 in 2013 and \$2,951 in 2014 for her insurance premiums as noted on pay stubs. Therefore she was overpaid a total of \$2,097.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the Fiscal Officer, Pamela Campbell, in the amount of \$2,907, and in favor of Green Township, Brown County's General Fund in the amount of \$1,677, Gasoline Tax Fund in the amount of \$105, and the Cemetery Fund in the amount of \$315.

On June 19, 2015, Pamela Campbell repaid the Township in full.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

September 3, 2015

Green Township
Brown County, Ohio
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INDEPENDENT AUDITOR'S REPORT

Green Township
Brown County
4147 State Route 286
Mt. Orab, Ohio 45154

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Green Township, Brown County, (the Township) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Green Township, Brown County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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* in considering the Township's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
June 19, 2015

Green Township, Brown County
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2014

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Property and Other Local Taxes	\$ 44,173	\$ 97,403	\$ 141,576
Licenses, Permits and Fees	735	20,900	21,635
Intergovernmental	19,855	111,165	131,020
Interest	805	3,428	4,233
Miscellaneous	8,142	13,950	22,092
<i>Total Cash Receipts</i>	<u>73,710</u>	<u>246,846</u>	<u>320,556</u>
Cash Disbursements			
Current:			
General Government	61,626	32,501	94,127
Public Safety	-	88,511	88,511
Public Works	3,150	87,179	90,329
Health	-	59,518	59,518
Conservation and Recreation	2,100	-	2,100
Capital Outlay	4,751	65,900	70,651
<i>Total Cash Disbursements</i>	<u>71,627</u>	<u>333,609</u>	<u>405,236</u>
<i>Net Change in Fund Cash Balances</i>	2,083	(86,763)	(84,680)
<i>Fund Cash Balances, January 1</i>	<u>47,144</u>	<u>631,850</u>	<u>678,994</u>
Fund Cash Balances, December 31			
Restricted	-	545,087	545,087
Unassigned (Deficit)	49,227	-	49,227
<i>Fund Cash Balances, December 31</i>	<u>\$ 49,227</u>	<u>\$ 545,087</u>	<u>\$ 594,314</u>

See accompanying notes to the financial statements.

Green Township, Brown County
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2013

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Property and Other Local Taxes	\$ 44,528	\$ 103,549	\$ 148,077
Licenses, Permits and Fees	1,186	28,700	29,886
Intergovernmental	28,797	130,529	159,326
Interest	1,736	6,402	8,138
Miscellaneous	4,180	27,300	31,480
<i>Total Cash Receipts</i>	<u>80,427</u>	<u>296,480</u>	<u>376,907</u>
Cash Disbursements			
Current:			
General Government	109,246	-	109,246
Public Safety	-	59,183	59,183
Public Works	2,592	129,650	132,242
Health	-	80,048	80,048
Capital Outlay	11,249	89,880	101,129
<i>Total Cash Disbursements</i>	<u>123,087</u>	<u>358,761</u>	<u>481,848</u>
<i>Net Change in Fund Cash Balances</i>	(42,660)	(62,281)	(104,941)
<i>Fund Cash Balances, January 1</i>	<u>89,804</u>	<u>694,131</u>	<u>783,935</u>
Fund Cash Balances, December 31			
Restricted	-	631,850	631,850
Unassigned (Deficit)	47,144	-	47,144
<i>Fund Cash Balances, December 31</i>	<u>\$ 47,144</u>	<u>\$ 631,850</u>	<u>\$ 678,994</u>

See accompanying notes to the financial statements.

**GREEN TOWNSHIP
BROWN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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 the Green Township, Brown County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, ambulance and fire protection

The Township participates in the Ohio Township Risk Management Authority (OTARMA) which is an insurance risk-sharing pool available to Ohio Townships. Note 6 provides additional information regarding 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. The basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Deposits

The township deposits all available funds in an interest earning checking account at a local commercial bank. All deposits are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds account for the 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 to pay for constructing, maintaining, and repairing township roads.

Special Levy Fund – This fund receives property tax money for the purpose of paying for contract services to provide fire and ambulance protection for the Township residents.

**GREEN TOWNSHIP
BROWN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds (continued)

Cemetery Fund – This fund receives proceeds from the sale of cemetery lots to provide upkeep and maintenance to the cemeteries.

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, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. 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.

**GREEN TOWNSHIP
BROWN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (continued)

3. Committed

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.

4. 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 Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. 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.

G. Property, Plant and Equipment

The Township records disbursements for acquisition of property, plant and equipments when paid. The accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED CASH

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

	2014	2013
Demand Deposits	\$ 191,528	\$ 278,704
Insured Money Market Account	402,786	400,290
Total Deposits	\$ 594,314	\$ 678,994

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

**GREEN TOWNSHIP
BROWN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 69,500	\$ 73,710	\$ 4,210
Special Revenue	263,925	246,846	(17,079)
Total	<u>\$ 333,425</u>	<u>\$ 320,556</u>	<u>\$ (12,869)</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 116,644	\$ 71,627	\$ 45,017
Special Revenue	895,775	333,609	562,166
Total	<u>\$ 1,012,419</u>	<u>\$ 405,236</u>	<u>\$ 607,183</u>

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 59,618	\$ 80,427	\$ 20,809
Special Revenue	244,035	296,480	52,445
Total	<u>\$ 303,653</u>	<u>\$ 376,907</u>	<u>\$ 73,254</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 145,278	\$ 123,087	\$ 22,191
Special Revenue	938,167	358,761	579,406
Total	<u>\$ 1,083,445</u>	<u>\$ 481,848</u>	<u>\$ 601,597</u>

**GREEN TOWNSHIP
BROWN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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 property owner elects to pay semiannually, the first half is due December 31. The second half payment is due to 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 elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, which include postretirement healthcare and survivor and disability benefits as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, 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, 2014.

6. RISK MANAGEMENT

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, 2013 and 2014 (the latest information available):

	<u>2013</u>	<u>2014</u>
Assets	\$34,954,286	\$35,970,263
Liabilities	8,486,363	8,912,432
Net Position	\$26,467,923	\$27,057,831

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

**GREEN TOWNSHIP
BROWN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

6. RISK MANAGEMENT (Continue)

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>	
<u>2013</u>	<u>2014</u>
\$6,165	\$6,279

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. 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
BROWN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

8. FUND BALANCES

The Township implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Special Revenue Funds	Total Governmental Funds
12/31/2014			
Restricted for			
Motor Vehicle & License	\$ -	\$ 31,195	\$ 31,195
Gas Tax	-	184,649	184,649
Cemetery Maintenance	-	145,218	145,218
Road and Bridge	-	7,693	7,693
Fire	-	176,332	176,332
Total Restricted	<u>-</u>	<u>545,087</u>	<u>545,087</u>
Unassigned (Deficit)	<u>49,227</u>	<u>-</u>	<u>49,227</u>
Total Fund Balances	<u>\$49,227</u>	<u>\$545,087</u>	<u>\$594,314</u>
12/31/2013			
Restricted for			
Motor Vehicle & License	\$ -	\$ 40,939	\$ 40,939
Gas Tax	-	188,026	188,026
Cemetery Maintenance	-	209,498	209,498
Road and Bridge	-	10,757	10,757
Fire	-	182,630	182,630
Total Restricted	<u>-</u>	<u>631,850</u>	<u>631,850</u>
Unassigned (Deficit)	<u>47,144</u>	<u>-</u>	<u>47,144</u>
Total Fund Balances	<u>\$47,144</u>	<u>\$631,850</u>	<u>\$678,994</u>



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

www.bhscpas.com

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Green Township
Brown County
4147 State Route 286
Mt. Orab, Ohio 45154

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Green Township, Brown County, (the Township) as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, and have issued our report thereon dated June 19, 2015, wherein we noted the Township followed accounting and financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), described in Note 1.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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 an instance of noncompliance or other matters we must report under Government Auditing Standards which is described in the accompanying schedule of as item 2014-001.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
June 19, 2015

**GREEN TOWNSHIP
BROWN COUNTY
DECEMBER 31, 2014 AND 2013
SCHEDULE OF FINDINGS**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Noncompliance Citation

Ohio Revised Code §505.60 permits townships to procure their own healthcare coverage, while Ohio Revised Code §505.601 permits townships to opt not to procure their own plans, but still reimburse officers' and employees' for their healthcare premiums. The reimbursement is permitted for a township officer or employee who is denied coverage under a township health care plan established pursuant to Ohio Revised Code §505.60, or who elects not to participate in the township's plan. The township may reimburse for each out-of-pocket premium attributable to the coverage provided for the officer or employee for insurance benefits that the board could have provided under Ohio Rev. Code §505.60(A). The reimbursement for the officer, employee, and their immediate dependent cannot exceed an amount equal to the average premium paid by the township under any health care plan it procures.

The Township provided their own healthcare coverage during 2013 and 2014 for all three Trustees and the Fiscal Officer. The Board of Township Trustees passed a resolution in both 2013 and 2014 that allowed Township officials and other Township employees to opt out of the Township-provided health insurance and instead be reimbursed for their healthcare.

Contrary to Ohio Revised Code §505.601, the reimbursements for healthcare premiums were not limited to out-of-pocket premiums that were incurred for the Fiscal Officer in both 2013 and 2014. The amount in question that was overpaid for the out-of-pocket reimbursements for the Fiscal Officer was \$1,048.53 for the 2013 and \$1,049.46 for 2014.

We recommend that the Township implement a resolution each year stating that the Township officials and employees will be reimbursed only for out-of-pocket premiums incurred for healthcare coverage that is available through the Township. The resolution should also state a maximum monthly amount that will be reimbursed. Amounts should only be reimbursed up to out-of-pocket premiums incurred by the employee or officer. Guidance should be obtained from Auditor of State Technical Bulletin 2009-003.

Client Response:

The Township chose not to respond to the finding.

**GREEN TOWNSHIP
BROWN COUNTY
DECEMBER 31, 2014 AND 2013**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2012-001	Material Weakness over Financial Reporting	Yes	



Dave Yost • Auditor of State

GREEN TOWNSHIP

BROWN 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
SEPTEMBER 15, 2015**