



Auditor of State
Betty Montgomery

**GREEN TOWNSHIP
ASHLAND COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Green Township
Ashland County
783 W. St. Rt. 39
Perrysville, Ohio 44864

To the Board of Trustees:

We have audited the accompanying financial statements of Green Township, Ashland County, Ohio, (the Township) as of and for the years ended December 31, 2002 and 2001. 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 discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

June 22, 2003

**GREEN TOWNSHIP
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$82,650	\$161,486	\$49,332		\$293,468
Intergovernmental	30,102	79,895	4,363		114,360
Licenses, Permits, and Fees	2,735				2,735
Earnings on Investments	5,296	120			5,416
	<u>120,783</u>	<u>241,501</u>	<u>53,695</u>		<u>415,979</u>
Total Cash Receipts					
	<u>120,783</u>	<u>241,501</u>	<u>53,695</u>		<u>415,979</u>
Cash Disbursements:					
Current:					
General Government	98,333				98,333
Public Safety		73,627			73,627
Public Works	8,363	140,423			148,786
Health	1,667	20,752			22,419
Debt Service:					
Redemption of Principal			30,000		30,000
Interest and Fiscal Charges			29,600		29,600
Capital Outlay	67				67
	<u>108,430</u>	<u>234,802</u>	<u>59,600</u>		<u>402,832</u>
Total Cash Disbursements					
	<u>108,430</u>	<u>234,802</u>	<u>59,600</u>		<u>402,832</u>
Total Receipts Over/(Under) Disbursements	<u>12,353</u>	<u>6,699</u>	<u>(5,905)</u>		<u>13,147</u>
Other Financing Receipts/(Disbursements):					
Other Sources	737				737
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>13,090</u>	<u>6,699</u>	<u>(5,905)</u>		<u>13,884</u>
Fund Cash Balances, January 1	<u>35,857</u>	<u>47,939</u>	<u>181,387</u>	<u>\$56,785</u>	<u>321,968</u>
Fund Cash Balances, December 31	<u>\$48,947</u>	<u>\$54,638</u>	<u>\$175,482</u>	<u>\$56,785</u>	<u>\$335,852</u>
Reserves for Encumbrances, December 31	<u>\$16,887</u>	<u>\$11,598</u>	<u>\$0</u>	<u>\$59,289</u>	<u>\$87,774</u>

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

**GREEN TOWNSHIP
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$81,186	\$149,815	\$47,715		\$278,716
Intergovernmental	38,520	78,381	3,982		120,883
Licenses, Permits, and Fees	2,608				2,608
Earnings on Investments	12,266	295			12,561
	<u>134,580</u>	<u>228,491</u>	<u>51,697</u>		<u>414,768</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	117,734				117,734
Public Safety		66,682			66,682
Public Works	24,346	149,288			173,634
Health	1,663	18,630			20,293
Debt Service:					
Redemption of Principal			25,000		25,000
Interest and Fiscal Charges			31,786		31,786
Capital Outlay	184				184
	<u>143,927</u>	<u>234,600</u>	<u>56,786</u>		<u>435,313</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>(9,347)</u>	<u>(6,109)</u>	<u>(5,089)</u>		<u>(20,545)</u>
Other Financing Receipts/(Disbursements):					
Sale of Fixed Assets		506			506
Transfers-In				\$10,000	10,000
Transfers-Out	(10,450)				(10,450)
Other Sources	2,366				2,366
	<u>(8,084)</u>	<u>506</u>		<u>10,000</u>	<u>2,422</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(17,431)</u>	<u>(5,603)</u>	<u>(5,089)</u>	<u>10,000</u>	<u>(18,123)</u>
Fund Cash Balances, January 1	<u>53,288</u>	<u>53,542</u>	<u>186,476</u>	<u>46,785</u>	<u>340,091</u>
Fund Cash Balances, December 31	<u>\$35,857</u>	<u>\$47,939</u>	<u>\$181,387</u>	<u>\$56,785</u>	<u>\$321,968</u>
Reserves for Encumbrances, December 31	<u>\$4,015</u>	<u>\$121</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,136</u>

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

**GREEN TOWNSHIP
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
	<u>Non-expendable Trust Fund</u>	<u>Non-expendable Trust Fund</u>
Operating Cash Receipts:		
Earnings on Investments	\$114	\$198
Total Operating Cash Receipts	114	198
Operating Cash Disbursements:		
Supplies and Materials	1,627	
Total Operating Cash Disbursements	1,627	
Operating Income/(Loss)	(1,513)	198
Non-Operating Cash Receipts:		
Other Non-Operating Receipts	1,704	325
Excess of Receipts Over Disbursements Before Interfund Transfers	191	523
Transfers-In		450
Net Receipts Over Disbursements	191	973
Fund Cash Balances, January 1	6,455	5,482
Fund Cash Balances, December 31	<u><u>\$6,646</u></u>	<u><u>\$6,455</u></u>
Reserves for Encumbrances, December 31	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

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**GREEN TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Green Township, Ashland County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Village of Perrysville and the Village of Loudonville to provide fire protection services and the Village of Loudonville to provide ambulance services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit, and U.S. Treasury Bonds are valued at cost. Investment in STAR Ohio is recorded at share values reported by the State Treasurer.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

**GREEN TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds (Continued)

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

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

Green-Perrysville Fire Special Levy Fund - This fund receives property tax money to pay for fire protection services.

3. Debt Service Fund

The Debt Service Fund is used to accumulate resources for the payment of bonds. The Township had the following Debt Service Fund:

Fire Station Bond Retirement Fund - This fund receives property tax money used for the retirement of bonds issued by the Township.

4. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Township had the following Capital Projects Fund:

Dump Truck Fund - This fund is used to set aside money for the future purchase of a dump truck for the Township.

5. Fiduciary Funds (Trust Funds)

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

County Line Cemetery Non-expendable Trust Fund - This fund receives interest earnings from certificates of deposits. The interest earnings are used to pay for cemetery grounds maintenance.

Bethesda Cemetery Non-expendable Trust Fund - This fund receives interest earnings from certificates of deposits, STAR Ohio Investments, and a U.S. savings bond to pay for the cemetery grounds maintenance.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments.

**GREEN TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Appropriations (Continued)

The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	\$58,456	\$46,804
Certificates of deposit	794	777
Total deposits	59,250	47,581
U.S. Treasury Savings Bond	500	500
STAR Ohio	282,748	280,342
Total investments	283,248	280,842
 Total deposits and investments	 \$342,498	 \$328,423

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**GREEN TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments: U.S. Savings Bonds are held in book-entry form by the Federal Reserve, in the name of the Township.

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$98,025	\$121,520	\$23,495
Special Revenue	265,594	241,501	(24,093)
Debt Service	69,427	53,695	(15,732)
Capital Projects	2,504	0	(2,504)
Fiduciary	506	1,818	1,312
Total	\$436,056	\$418,534	(\$17,522)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$146,972	\$125,317	\$21,655
Special Revenue	285,333	246,400	38,933
Debt Service	250,814	59,600	191,214
Capital Projects	59,289	59,289	0
Fiduciary	5,987	1,627	4,360
Total	\$748,395	\$492,233	\$256,162

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$121,333	\$136,946	\$15,613
Special Revenue	229,789	228,997	(792)
Debt Service	201,848	51,697	(150,151)
Capital Projects	950	10,000	9,050
Fiduciary	127	973	846
Total	\$554,047	\$428,613	(\$125,434)

**GREEN TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$167,246	\$158,392	\$8,854
Special Revenue	283,282	234,721	48,561
Debt Service	248,633	56,786	191,847
Capital Projects	47,734	0	47,734
Fiduciary	5,458	0	5,458
Total	\$752,353	\$449,899	\$302,454

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
General Obligation Bonds Series 1992	\$385,000	Variable (8.62%-7.00%)

The general obligation bonds were issued to finance the construction of a new fire station to service the Township. The bonds are collateralized solely by the Township's taxing authority.

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

**GREEN TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. DEBT (Continued)

	<u>General Obligation Bonds</u>
Year ending December 31:	
2003	\$56,950
2004	54,850
2005	57,750
2006	60,300
2007	62,500
2008 – 2010	<u>242,100</u>
Total	<u><u>\$534,450</u></u>

6. RETIREMENT SYSTEM

Township employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS are cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. OPERS members contributed 8.5% of their wages. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

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.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Green Township
Ashland County
783 W. St. Rt. 39
Perrysville, Ohio 44864

To the Board of Trustees:

We have audited the accompanying financial statements of Green Township, Ashland County, Ohio, (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 22, 2003. 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.

Compliance

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 grants, 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 that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2002-001. We also noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated June 22, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 22, 2003.

111 Second St., NW / Fourth Floor / Canton, OH 44702
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Green Township
Ashland County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

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

Betty Montgomery
Auditor of State

June 22, 2003

**GREEN TOWNSHIP
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Rev. Code Sections 135.21 and 5705.10 provide general guidelines for the distribution of interest earned on monies in subdivision treasuries.

The general rule is that interest earned on monies deposited by a treasurer, which do not belong in the treasury of the subdivision, must be apportioned to the funds to which the principal belongs; all other interest earned must be credited to the general fund of the subdivision, with certain exceptions.

Contrary to these statutes the Township distributed interest to the Bond Retirement Fund and the Capital Projects Dump Truck Fund in the amounts of \$11,005 and \$2,580, respectively. As no exception for these distributions existed, all of this interest should have been credited to the General Fund.

The Township adjusted its General Fund by \$13,585 and reduced its Bond Retirement Fund and Capital Projects Dump Truck Fund by \$11,005 and \$2,580, respectively, to correct the interest distribution. The adjustments are also reflected in the accompanying financial statements.



**Auditor of State
Betty Montgomery**

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GREEN TOWNSHIP

ASHLAND 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 9, 2003**