



Mary Taylor, CPA
Auditor of State

**GREEN TOWNSHIP
ADAMS COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Green Township
Adams County
21092 US 52
Stout, Ohio 45684

Board of Trustees,

We have audited the accounts, financial records, files and reports of Green Township, Adams County Ohio (the Township), as of and for the years ended December 31, 2004 and December 31, 2003, following Ohio Admin. Code Section 117-4-02.

The accompanying financial statements present receipts and disbursements by fund type totals only. Ohio Administrative Code Section 117-2-02(A) requires governments to classify receipt and disbursement transaction.

There are reportable findings and conditions as a result of performing these procedures. These finding and conditions are described in the Schedule of Findings on pages 13 – 19.

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

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Mary Taylor, CPA
Auditor of State

March 27, 2008

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**GREEN TOWNSHIP
ADAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Local Taxes	\$5,927	\$33,486	\$39,413
Intergovernmental	18,837	94,353	113,190
Unclassified Receipts	886	8,976	9,862
Total Cash Receipts	25,650	136,815	162,465
Cash Disbursements:			
Current:			
General Government	1,892	0	1,892
Public Safety	0	716	716
Health	1,693	398	2,091
Capital Outlay	0	39,100	39,100
Unclassified Disbursements	26,542	128,542	155,084
Total Cash Disbursements	30,127	168,756	198,883
Total Receipts Over/(Under) Disbursements	(4,477)	(31,941)	(36,418)
Other Financing Receipts			
Proceeds from Note	0	31,032	31,032
Other Financing Sources	0	1,058	1,058
Total Other Financing Receipts	0	32,090	32,090
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(4,477)	149	(4,328)
Fund Cash Balances, January 1	43,619	27,064	70,683
Fund Cash Balances, December 31	\$39,142	\$27,213	\$66,355
Reserve for Encumbrances, December 31	\$141	\$1,683	\$1,824

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

**GREEN TOWNSHIP
ADAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Local Taxes	\$5,147	\$28,879	\$34,026
Intergovernmental	35,660	134,568	170,228
Unclassified Receipts	2,787	20,869	23,656
 Total Cash Receipts	 43,594	 184,316	 227,910
Cash Disbursements:			
Current:			
General Government	2,773	0	2,773
Public Safety	0	2,184	2,184
Public Works	0	4,130	4,130
Health	1,594	965	2,458
Capital Outlay	0	70,347	70,347
Debt Service:			
Principal Payment	0	2,718	2,718
Interest Payment	0	79	79
Unclassified Disbursements	53,496	101,615	155,111
Total Cash Disbursements	57,863	182,038	239,800
 Total Receipts Over/(Under) Disbursements	 (14,269)	 2,278	 (11,991)
 Fund Cash Balances, January 1	 57,888	 24,786	 82,674
 Fund Cash Balances, December 31	 \$43,619	 \$27,064	 \$70,683
 Reserve for Encumbrances, December 31	 \$8	 \$700	 \$708

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

**GREEN TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Green Township, Adams 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 cemetery maintenance and fire protection.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

The Township did not classify its receipts or disbursements in the accompanying financial statements. This is a material departure from the requirements of Ohio Administrative Code Section 117-02-02(A) (effective July 1, 2000) and Ohio Administrative Code Section 117-5-11 (effective through June 30, 2000). These Ohio Administrative Code Sections require classifying receipts and disbursements.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash Deposits

The Township' maintains a cash pool used by all funds. All Township funds are maintained in an interest-bearing checking account with a local commercial bank. Interest income is distributed to Township funds based upon the Ohio Constitution.

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 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:

**GREEN TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Fire Levy Fund – This fund receives proceeds from the property tax levy for providing fire protection to Township residents.

Gasoline Tax Fund - This fund receives gasoline tax money to pay to construct, maintain, and repair Township roads.

Motor Vehicle License Fund – This fund receives motor vehicle license tax money to construct, maintain, and repair Township roads.

E. Budgetary Process

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. 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. The Township did not certify amounts available for expenditures to the County Auditor by the required date.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include items that should have been encumbered.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

**GREEN TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. Equity in Pooled Cash

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

	2004	2003
Demand Deposits	\$66,355	\$70,683
	\$66,355	\$70,683

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

3. Budgetary Activity

Budgetary activity for the years ending 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$25,650	\$25,650
Special Revenue	0	168,905	168,905
Total	\$0	\$194,555	\$194,555

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$52,802	\$30,268	\$22,534
Special Revenue	140,868	170,439	(29,571)
Total	\$193,670	\$200,707	(\$7,037)

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$23,798	\$43,594	\$19,796
Special Revenue	99,578	184,316	84,738
Total	\$123,376	\$227,910	\$104,534

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$66,100	\$57,871	\$8,229
Special Revenue	134,643	182,738	(48,095)
Total	\$200,743	\$240,609	(\$39,866)

**GREEN TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

4. Property Tax

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

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

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

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

5. Retirement Systems

The Township's Officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5% of their gross salaries and the Township contributed an amount equaling 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

6. Risk Pool Membership

The Government belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**GREEN TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. Risk Pool Membership (Continued)

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

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.

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	(13,640,962)	(11,791,300)
Retained earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	(753,906)	(750,956)
Retained earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

7. Debt

Debt outstanding at December 31, 2004 consisted of the following:

Bank Note for Tractor, collateralized by	Principal	Interest Rate
Tractor	\$31,032	5.03%

**GREEN TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

7. Debt (Continued)

The annual requirements to amortize the outstanding debt of the Township as of December 31, 2004, including interest are as follows:

Year ending December 31:	<u>Tractor Loan</u>
2005	\$4,025
2006	4,025
2007	4,025
2008	4,025
2009	4,025
2010-2014	<u>19,932</u>
Total	<u><u>\$40,057</u></u>

8. Compliance

Contrary to Ohio Rev. Code Section 507.04 the minutes did not contain all official actions of the Board.

Contrary to Ohio Admin. Code Section 117-2-01 the Township did not have a system of internal controls in place to ensure the reliability of financial reporting.

Contrary to Ohio Admin. Code Section 117-2-02, the Township did not maintain the required ledgers needed to record and report its transactions.

Contrary to Ohio Rev. Code, Section 5705.41(D), the Township did not certify expenditures by purchase orders or blanket certificates.

Contrary to Ohio Rev. Code, Section 5705.41(B), expenditures exceeded appropriations in several funds.

Contrary to Ohio Rev. Code, Section 5705.39, appropriations exceeded the total resources in several funds.

Contrary to Ohio Rev. Code, Section 5705.10(D), there were numerous classification and posting errors.

Contrary to Ohio Rev. Code, Section 5747.07(B)(4), the Township did not properly remit state income tax withholdings or complete and file the required forms to the state for employee withholdings.

Contrary to Ohio Rev. Code, Section 102.03(D), a Township Trustee did not abstain from approving bills in which a payment to a family member was included.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Green Township
Adams County
21092 US 52
Stout, Ohio 45684

To the Township Board of Trustees:

We have audited the accounts, financial records, files and reports of Green Township, Adams County, Ohio (the Township), as of and for the year ended December 31, 2004 and 2003, and have issued our report thereon dated March 27, 2008.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent in the accompanying schedule of findings as items 2004-001 through 2004-008.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable conditions 2004-002, 2004-006 and 2004-008, listed above to be material weaknesses. In a separate letter to the Township's management dated March 27, 2008, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters which are described in the accompanying schedule of findings as items 2004-001 through 2004-006 and 2004-008 and 2004-009. In a separate letter to the Township's management dated March 27, 2008, we reported other matters related to noncompliance we deemed immaterial.

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Green Township
Adams County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Page 2

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

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

Mary Taylor, CPA
Auditor of State

March 27, 2008

**GREEN TOWNSHIP
ADAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS

FINDING NUMBER 2004-001

Material Noncompliance and Reportable Condition

Ohio Rev. Code, Section 507.04(A), requires, in part, that the township fiscal officer keep an accurate record of the proceedings of the board of township trustees at all of its meetings and of all its accounts and transactions. Green Township did not include all official business within their minutes. The minutes did not include the following:

- approval of all bills, debt, resolutions, financial and budgetary reports, monthly bank reconciliations, all budgetary actions, all employee/contract labor rates and approval of all prior meeting minutes;
- two instances where the bills were not actually approved in the minutes, however they were listed;
- there were no minutes for September and December 2003 with no mention that the meetings were cancelled; and
- there were changes to the minutes, white-outs and strike-throughs, without any approvals of the changes.

The minutes are the official voice of the Trustees and should contain all official actions. Without the detail of official actions in the minutes, the Township does not have a complete written record of the transaction of each meeting to support official action or evidence of monitoring controls over the financial reporting of the Township. We recommend that all actions of the Trustees be approved in the minutes, the minutes be signed by the Clerk and Board President, and minutes be bound and safeguarded against loss.

FINDING NUMBER 2004-002

Material Noncompliance and Material Weakness

Ohio Admin. Code, Section 117-2-01(A), states that all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories.

Ohio Admin. Code, Section 117-2-01(B)(1), defines "Internal Control" as a process effected by an entity's governing board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of certain objectives in several categories, including the reliability of financial reporting.

Ohio Admin. Code, Section 117-2-02(A), requires that all local public offices maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions. The management of each local public office is responsible for the assertions underlying the information in the public office's financial statements among them being completeness, which requires that all account balances and transactions that should be included in the financial records are included. We noted the following discrepancies with the Township accounting records:

**FINDING NUMBER 2004-002
(Continued)**

- The Township did not properly reconcile their fund balances to the bank balances.
- Receipt and Appropriation Ledgers were not maintained.
- Detailed expenditure documentation was not maintained with voucher and had to be requested.

Due to these problems, additional costs were incurred by the Township for accounting services rendered by the Office of the Auditor of State, Local Government Services for reconciliations and the Auditor of State, Audit Division for preparation of financial reports for the period of January 1, 2003 through December 31, 2006.

We recommend the following:

- Proper monthly bank reconciliations should be performed and each reconciling item be identified.
- The receipts, disbursements, and fund cash balances in the annual report should agree with the cash book. Care should be taken when posting the annual report to properly classify receipts and disbursements.
- Receipt and Appropriation Ledgers should be properly maintained and balanced monthly with the cash book.
- Care should be exercised when posting to the records to avoid errors.
- Detailed documentation must be retained to support expenditures.

FINDING NUMBER 2004-003

Material Noncompliance and Reportable Condition

Ohio Rev. Code, Section 5705.41(D), prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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

1. "Then and Now" Certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than three thousand dollars (\$3,000) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

**FINDING NUMBER 2004-003
(Continued)**

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The availability of funds was not certified in 95% of the transactions tested. This represents 100% in 2003 and 82% in 2004 of expenditures tested. As a result of not properly using purchase orders, unrecorded liabilities in the amount of \$8 in 2003 and \$141 in 2004 in the General Fund and \$197 in 2004 in the Gas Fund, and \$80 in 2003 in the Motor Vehicle Fund, as well as \$620 in 2003 and \$1,486 in 2004 in the Fire Fund were noted.

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

We recommend the Township certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Clerk should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Clerk should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2004-004

Material Noncompliance and Reportable Condition

Ohio Rev. Code, Section 5705.39, requires that the total appropriation from each fund shall not exceed the total estimated revenue. No appropriation measure is to become 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. This certificate indicated that appropriations did exceed resources in 2003 and 2004. The amended certificate was not filed with the County for 2004 and therefore the certificate was not issued by the county auditor. Appropriations exceeded the total resources in the following funds:

**FINDING NUMBER 2004-004
 (Continued)**

	Total Certified Resources	Total Appropriations	Variance
2003 - Motor Vehicle Fund	\$ 19,731	\$ 23,000	\$ (3,269)
2003 - Gas Fund	46,037	60,000	(13,963)
2004 - General Fund	-	52,794	(52,794)
2004 - Motor Vehicle Fund	-	22,334	(22,334)
2004 - Gas Fund	-	70,000	(70,000)
2004 - Cemetery Fund	-	15,834	(15,834)
2004 - Fire Fund	-	32,000	(32,000)

Failure to limit appropriations to total estimated resources may result in the Township incurring obligations that exceed their available resources and negative fund balances. We recommend that the Township limit appropriations to total estimated resources per fund.

FINDING NUMBER 2004-005

Material Noncompliance and Reportable Condition

Ohio Rev. Code, Section 5705.41(B), requires that no subdivision or taxing unit is to expend money unless it has been appropriated. The following funds had expenditures that exceeded appropriations:

Fund	Appropriations	Actual Expenditures	Variance
2003 - Cemetery Fund	\$ 16,900	\$ 19,154	\$ (2,254)
2003 - FEMA Fund	-	50,347	(50,347)
2003 - CDBG Fund	-	20,000	(20,000)
2004 - Cemetery Fund	15,834	17,131	(1,297)
2004 - Gas Fund	70,000	87,006	(17,006)
2004 - Fire Fund	32,620	42,884	(10,264)
2004 - FEMA Fund	-	8,068	(8,068)

Failure to limit expenditures to appropriations may result in overspending and negative fund balances. We recommend the Township limit expenditures to the appropriated amount. The Fiscal Officer should deny any payments until the Board has passed the necessary changes to the appropriation measure.

FINDING NUMBER 2004- 006

Material Noncompliance and Material Weakness

Ohio Rev. Code 5705.10(D) states in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. The Clerk made the following classification and posting errors:

- Homestead and Rollback was posted to General Fund instead of Cemetery and Fire Fund.
- State deregulation money was posted to General Fund instead of Fire Fund.
- Timber royalties were posted to Fire Fund instead of the General Fund.
- CDBG/FEMA grant monies were not posted to a separate fund.

**FINDING NUMBER 2004- 006
(Continued)**

The net adjustments the Township needs to make to their records to increase/decrease fund balances to properly reflect receipts and expenditures in the proper funds are as follows:

General Fund	\$	6,372
Motor Vehicle Fund		(127)
Gas Tax Fund		(3,401)
Cemetery Fund		(874)
Fire Fund		(1,970)

Failure to post receipts and expenditures correctly inaccurately presents the Township's financial statements and could lead to the incorrect forecasting of future receipts and expenditures. We recommend the Fiscal Officer take greater care when posting receipts and expenditures to the line items and funds.

FINDING NUMBER 2004- 007

Reportable Condition

When designing the Township's system of internal control and the specific control activities, management should ensure that all transactions are properly authorized in accordance with management's policies and ensure the accounting records are properly completed, submitted as required, and copies retained for documentation.

The following deficiencies were noted in the Township's payroll:

- Incorrect calculation of pay was noted in four instances because of errors in totaling hours worked in 2003.
- Inconsistency in hourly rates charged based on documentation of work performed was noted in eight instances in 2003 due to incomplete approvals of pay rates.
- Underpayment of two Trustees in 2003 and all Trustees and Clerk in 2004 due to change in calculation procedures per ORC that was not implemented.
- Salaries and withholdings were paid out of funds other than the general fund without documentation /approval and withholdings did not follow the same allocation as the payment of salaries.
- Withholding forms 941's were not all retained nor were they completed correctly, resulting in penalties and interest.
- PERS withholdings were not remitted timely resulting in the County Auditor being required by PERS to withhold from the Township tax settlements. The Clerk also paid amounts due, causing a current credit balance with PERS. Penalties and interest of \$150 were also paid during 2003.
- W-2 forms were completed incorrectly related to PERS withholdings for 2004. No W-2's were provided for audit for 2003. Also, no state tax withholding forms (IT-4's) were provided for audit. State tax withholdings were not remitted during 2001 through 2004.
- The Township utilized workers as employees and contract labor, however no documentation to support an actual contract with workers was maintained.

**FINDING NUMBER 2004- 007
(Continued)**

We recommend the following:

- Due care in the calculation of pay, hours worked should be checked against documentation and hourly rate due should be checked against rates approved by management.
- The Township should clearly approve all rates of pay applicable annually during their organizations meeting, any changes or additions should be clearly indicated in the minutes and communicated to the Clerk in order to maintain accurate pay calculations.
- The Clerk maintain current guidance on payroll calculations in order to stay current with any changes required.
- Proper documentation be maintained on hours worked to be allocated between funds other than the general fund. Withholdings should follow the same allocation as the pay.
- All payroll documents should be retained and proper completion instructions should be consulted to ensure the accurate payment of these withholdings.
- Withholdings should be remitted timely to prevent penalties and interest costs being assessed and the extra time and effort in correcting these errors. The Township should reconcile between the amounts withheld from employees and amounts remitted to the appropriate agencies to help ensure accurate reporting.
- The Township should contact the Internal Revenue Service regarding the discrepancies noted on the W-2's to determine what action is necessary, if any. The Township should contact the Ohio Department of Taxation to determine the appropriate submission of the state tax withholdings to minimize additional penalties and interest that may apply. Again, all documents related to payroll calculation, withholdings, submission and reporting should be retained.
- The Township review the designation of employee versus contracted labor and ensure that the proper documentation is maintained to support the method used for payment.

FINDING NUMBER 2004-008

Material Noncompliance and Material Weakness

Ohio Rev. Code, Section 5747.07(B)(4), generally requires employers to make payment of unremitted state income taxes for each calendar quarter during which they were required to be withheld. No later than the last day of the month following the last day of each quarter they shall file the proper return with the payment. The Township did not properly remit any state income tax withholding or complete and file the required forms to the state for employee withholdings for 2001 through 2004. The Township is liable for \$1,368 through 2004. We recommend the Township contact the Ohio Department of Taxation immediately to minimize additional penalties and interest.

FINDING NUMBER 2004-009

Material Noncompliance

Ohio Rev. Code, Section 102.03(D), states that no public official or employee shall use or authorize the use of authority or influence of office or employment to secure anything of value or the promise or offer of anything of value that is of such a character as to manifest a substantial and improper influence upon the public official or employee with respect to that person's duties.

Ohio Rev. Code, Section 2921.42(A)(1), states in pertinent part that no public official shall knowingly do any of the following: authorize, or employ the authority or influence of the public official's office to secure authorization of any public contract in which the public official, a member of the public official's family, or any of the public official's business associates has an interest.

Kenneth Grooms, Township Trustee voted to approve three payments for various materials to his wife totaling \$1,800. We recommend Trustees abstain from any vote with regards to family members.

This matter will be referred to the Ohio Ethics Commission.

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**GREEN TOWNSHIP
ADAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	Ohio Admin. Code Sections 117-2-01, 117-2-02, require certain Township accounting records to be kept.	No	Repeated as finding 2004-002
2002-002	Ohio Rev. Code Section 5705.41(D) failure to properly certify funds.	No	Repeated as finding 2004-003
2002-003,004	Ohio Rev. Code Section 5705.10, failure to post revenue to the appropriate fund, negative fund balances indicate money from other funds was used to cover the expenses of another fund.	No	Partially Corrected: No negative fund balances, however, many revenue posting errors. Repeated as finding 2004-006
2002-005	Ohio Rev. Code Section 1503.05(D)(2) failure to post sale of products on state forest lands to the general fund.	No	Included in finding 2004-006



Mary Taylor, CPA
Auditor of State

GREEN TOWNSHIP

ADAMS 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
APRIL 29, 2008**