

GREEN TOWNSHIP

CLARK COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2009 - 2008



Mary Taylor, CPA

Auditor of State

Board of Trustees
Green Township
5730 Springfield Jamestown Road
Springfield, Ohio 45502-9414

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

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 31, 2010

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**GREEN TOWNSHIP
CLARK COUNTY**

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**MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Green Township
5730 Springfield Jamestown Rd.
Springfield, Ohio 45502-9414

We have audited the accompanying financial statements of Green Township, Clark County, (the Township) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, 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 Green Township, Clark County, as of December 31, 2009 and 2008, and its combined cash receipts, disbursements, and encumbrances for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 22, 2010

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**GREEN TOWNSHIP
CLARK COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

| | GOVERNMENTAL FUND TYPES | | | Total |
|--|--------------------------------|----------------------------|------------------|------------------------------|
| | General | Special Revenue | Permanent | (Memorandum Only) |
| Cash Receipts: | | | | |
| Taxes | \$ 13,067 | \$ 398,294 | \$ 0 | \$ 411,361 |
| Charges for Services | 0 | 45,144 | 0 | 45,144 |
| Licenses, Permits and Fees | 0 | 1,450 | 0 | 1,450 |
| Intergovernmental Receipts | 41,654 | 198,964 | 0 | 240,618 |
| Earnings on Investments | 3,003 | 1,089 | 17 | 4,109 |
| Miscellaneous | 33 | 1,350 | 0 | 1,383 |
| | <u>57,757</u> | <u>646,291</u> | <u>17</u> | <u>704,065</u> |
| Total Cash Receipts | | | | |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 54,637 | 0 | 0 | 54,637 |
| Public Safety | 0 | 325,529 | 0 | 325,529 |
| Public Works | 0 | 180,604 | 0 | 180,604 |
| Health | 10,735 | 1,106 | 0 | 11,841 |
| Capital Outlay | 0 | 263,271 | 0 | 263,271 |
| Debt Service: | | | | |
| Redemption of Principal | 0 | 25,062 | 0 | 25,062 |
| Interest and Other Fiscal Charges | 0 | 14,938 | 0 | 14,938 |
| | <u>65,372</u> | <u>810,510</u> | <u>0</u> | <u>875,882</u> |
| Total Cash Disbursements | | | | |
| Total Receipts Over/(Under) Disbursements | <u>(7,615)</u> | <u>(164,219)</u> | <u>17</u> | <u>(171,817)</u> |
| Fund Cash Balances, January 1 | <u>195,143</u> | <u>873,818</u> | <u>3,320</u> | <u>1,072,281</u> |
| Fund Cash Balances, December 31 | <u>\$ 187,528</u> | <u>\$ 709,599</u> | <u>\$ 3,337</u> | <u>\$ 900,464</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 488</u> | <u>\$ 39,795</u> | <u>\$ 0</u> | <u>\$ 40,283</u> |

The Notes to the Financial Statements are an integral part of this statement.

**GREEN TOWNSHIP
CLARK COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

| | GOVERNMENTAL FUND TYPES | | | Total |
|--|--------------------------------|----------------------------|------------------|------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Permanent</u> | <u>(Memorandum Only)</u> |
| Cash Receipts: | | | | |
| Taxes | \$ 11,602 | \$ 328,884 | \$ 0 | \$ 340,486 |
| Charges for Services | 0 | 34,719 | 0 | 34,719 |
| Licenses, Permits and Fees | 0 | 3,080 | 0 | 3,080 |
| Intergovernmental Receipts | 34,800 | 207,917 | 0 | 242,717 |
| Earnings on Investments | 23,864 | 2,944 | 16 | 26,824 |
| Miscellaneous | 429 | 1,951 | 0 | 2,380 |
| | <u>70,695</u> | <u>579,495</u> | <u>16</u> | <u>650,206</u> |
| Total Cash Receipts | | | | |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 45,660 | 0 | 0 | 45,660 |
| Public Safety | 0 | 254,662 | 0 | 254,662 |
| Public Works | 0 | 257,084 | 0 | 257,084 |
| Health | 5,000 | 2,209 | 0 | 7,209 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Debt Service: | | | | |
| Redemption of Principal | 0 | 20,000 | 0 | 20,000 |
| Interest and Other Fiscal Charges | 0 | 15,066 | 0 | 15,066 |
| | <u>50,660</u> | <u>549,021</u> | <u>0</u> | <u>599,681</u> |
| Total Cash Disbursements | | | | |
| Total Receipts Over/(Under) Disbursements | <u>20,035</u> | <u>30,474</u> | <u>16</u> | <u>50,525</u> |
| Fund Cash Balances, January 1 | <u>175,108</u> | <u>843,344</u> | <u>3,304</u> | <u>1,021,756</u> |
| Fund Cash Balances, December 31 | <u>\$ 195,143</u> | <u>\$ 873,818</u> | <u>\$ 3,320</u> | <u>\$ 1,072,281</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 777</u> | <u>\$ 108,034</u> | <u>\$ 0</u> | <u>\$ 108,811</u> |

The Notes to the Financial Statements are an integral part of this statement.

**GREEN TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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, Clark County, (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, fire protection and emergency medical services. The Township and Mad River Township united in 2002 to provide fire fighting services to those areas of Green and Mad River Townships formerly served by Hustead Fire and EMS Departments (see note 8).

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 a payment is made 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

The Township utilizes a checking account, money market demand deposit account, and savings accounts.

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:

General Fund:

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**GREEN TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

Special Revenue Funds:

These funds are used to 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:

Motor Vehicle License Tax Fund – This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining and repairing Township roads.

Gasoline Tax Fund – This fund receives gasoline money for constructing, maintaining and repairing Township roads.

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

Fire District Fund – This fund receives revenue allocated from property taxes, which is utilized to maintain a Township Fire Department.

Fire District #2 Fund – This fund receives revenue allocated from property taxes, which is utilized to maintain a Township Fire Department.

Emergency Medical Services Fund - This fund receives revenue allocated from property taxes as well as revenue from charges for Emergency Medical Service runs. The Township contracts with MED3000 as a third party service organization to bill for the EMS runs.

Permanent Funds:

Permanent funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The principal balance of these funds is non-expendable. Disbursements made from these funds can only be made to the extent of the interest received.

Cemetery Bequest Fund – Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep.

**GREEN TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgetary Process

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

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of 2009 and 2008 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.

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:

| | | |
|-----------------|-------------------|--------------------|
| | <u>2009</u> | <u>2008</u> |
| Demand Deposits | \$ 897,127 | \$1,068,961 |
| Savings Account | <u>3,337</u> | <u>3,320</u> |
| Total Deposits | <u>\$ 900,464</u> | <u>\$1,072,281</u> |

Deposits: Deposits are insured by the FDIC or collateralized by securities specifically pledged by the financial institution to the Township.

**GREEN TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

3. BUDGETARY ACTIVITY

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

2009 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|--------------------|
| General | \$ 70,559 | \$ 57,757 | \$ (12,802) |
| Special Revenue | 655,310 | 646,291 | (9,019) |
| Permanent | 0 | 17 | 17 |
| Total | <u>\$ 725,869</u> | <u>\$ 704,065</u> | <u>\$ (21,804)</u> |

2009 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------|----------------------------|---------------------------|-------------------|
| General | \$ 97,395 | \$ 65,860 | \$ 31,535 |
| Special Revenue | 934,298 | 850,305 | 83,993 |
| Permanent | 0 | 0 | 0 |
| Total | <u>\$ 1,031,693</u> | <u>\$ 916,165</u> | <u>\$ 115,528</u> |

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

2008 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|------------------|
| General | \$ 54,779 | \$ 70,695 | \$ 15,916 |
| Special Revenue | 578,713 | 579,495 | 782 |
| Permanent | 0 | 16 | 16 |
| Total | <u>\$ 633,492</u> | <u>\$ 650,206</u> | <u>\$ 16,714</u> |

2008 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------|----------------------------|---------------------------|-------------------|
| General | \$ 100,000 | \$ 51,437 | \$ 48,563 |
| Special Revenue | 905,020 | 657,055 | 247,965 |
| Permanent | 0 | 0 | 0 |
| Total | <u>\$ 1,005,020</u> | <u>\$ 708,492</u> | <u>\$ 296,528</u> |

**GREEN TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

3. BUDGETARY, continued

Contrary to Ohio Law, Ohio Rev. Code Section 5705.39 appropriations exceeded estimated resources in the gasoline fund by \$5,525 in 2009.

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.

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, 2009, was as follows:

| | <u>Principal</u> | <u>Interest</u> |
|-------------------------|------------------|-----------------|
| Bond Anticipation Notes | \$ 348,165 | 3.03% |

The Township issued \$500,000 in bond anticipation notes in October 2004 to finance the construction of a new Emergency Services building. The notes will be paid in yearly installments, at an interest rate of 3.85% through November 2009, rate changed to 3.03% starting December 2009, over a thirty year period, maturing in October 2024.

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

| Year Ending December 31: | Bond Anticipation Note | |
|-----------------------------|------------------------|----------|
| | Principal | Interest |
| 2010 | \$ 18,679 | 10,549 |
| 2011 | 19,245 | 9,983 |
| 2012 | 19,828 | 9,400 |
| 2013 | 20,428 | 8,800 |
| 2014 | 21,047 | 8,181 |
| 2015 – 2019 | 115,197 | 30,941 |
| 2020 – 2024 | 133,741 | 12,399 |
| Total | \$ 348,165 | \$90,253 |

**GREEN TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

6. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

7. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township 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 townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For occurrences prior to January 1, 2006, 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, and provides up to \$1,750,000 per claim and \$10,000,000 in aggregate per year. For occurrences on or after January 1, 2006, OTARMA retains casualty risk up to \$350,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contribution to APEEP. APEEP reinsures claim exceeding \$350,000, and provides up to \$2,650,000 per claim and \$10,000,000 in aggregate per year.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to an aggregate of \$10,000,000. Governments can elect additional coverage, from \$3,000,000 to \$13,000,000, General Reinsurance Corporation.

Property Coverage

Travelers reinsures specific losses exceeding \$250,000, and provides up to \$600,000,000 per occurrence. APEEP reinsures members for a specific loss exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined OTARMA members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600,000,000 per occurrence limit.

**GREEN TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

7. RISK MANAGEMENT (continued)

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 OTARMA member.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2008 and 2007:

| | <u>2008</u> | <u>2007</u> |
|-------------------|---------------------|---------------------|
| Assets | \$43,210,703 | \$42,042,275 |
| Liabilities | <u>(13,357,837)</u> | <u>(12,120,661)</u> |
| Retained Earnings | <u>\$29,852,866</u> | <u>\$29,921,614</u> |

At December 31, 2009 and 2008, respectively, casualty coverage liabilities noted above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$10,080. This payable includes the subsequent year's contribution due if the Township terminates participation as described in the last paragraph below.

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.

The Township's contributions to OTARMA for the past three years are as follows:

| <u>Contributions to OTARMA</u> | |
|--------------------------------|---------|
| 2009 | \$6,842 |
| 2008 | \$8,284 |
| 2007 | \$9,774 |

**GREEN TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

7. RISK MANAGEMENT (continued)

After completing one year of membership, member may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary 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.

8. JOINT ACTION

The Township and Mad River Township united during 2002 to provide fire fighting services to those areas of Green and Mad River Townships formerly served by Husted Fire and EMS Departments. The Board of Township Trustees of Green and Mad River Townships serve as the Joint Husted Service Area Board. The funding of the Husted Service area Fire Department and the Husted area EMS Department shall be apportioned equally between Green Township and Mad River Township.

9. CONTINGENT LIABILITY

On or about December 31, 2003, the Board of Green Township Trustees received a notice from the U.S. EPA, stating that the Township had been named as a Potentially Responsible Party in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) remediation of the Tremont City Landfill site in Clark County, Ohio. The Township plans to vigorously contest any claim that the Township is a Responsible Party under CERCLA. The amount of any potential claim cannot be determined at this time.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 22, 2010, the date on which the financial statements were available for issue.

The Township was approved for \$110,000 Fire Truck Bonds at 4.21% at December 30, 2009. The funds were received and disbursed in 2010.

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**MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Green Township
Clark County
5730 Springfield Jamestown Rd.
Springfield, Ohio 45502-9414

To the Board of Trustees:

We have audited the financial statements of Green Township, Clark County, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 22, 2010 wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider Findings Number 2009-001 and 2009-002 described in the accompanying schedule of findings to be material weaknesses.

Internal Control Over Financial Reporting, (continued)

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. We consider finding 2009-003 described in the accompanying schedule of findings to be a significant deficiency.

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 have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompany schedule of findings as items 2009-003 through 2009-005.

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

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

Manning & Associates CPAs, LLC
Dayton, Ohio

June 22, 2010

**GREEN TOWNSHIP
CLARK COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
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FINDING NUMBER 2009-001

Material Weakness

Timely Posting of Revenues and Bank Reconciliations

The Township Fiscal Officer did not post revenues in a timely manner. During the audit periods, numerous receipts were posted into their computer system several days after they received. This presented inaccurate information in monthly and on the annual financial statements and could lead to a chance of errors not being timely recognized. The timely posting of revenues is essential internal control for the annual financial reports to accurately and completely reflect the revenues of the Township. As a result, inaccurate information was given to the Trustees for monthly review.

The following deficiencies were noted in monthly reconciliations:

- Bank Reconciliations were not performed timely
- There was no indication that the Trustees reviewed bank reconciliations
- Reconciling items included significant adjustments

Risks associated with these conditions include the possibility of loss of revenue; missing or duplicate posting of cash receipts and disbursements; and reconciliation errors that could go undetected. To strengthen internal accounting controls, reduce errors in recording transactions, and to provide management with reasonable assurance that cash reconciliation procedures are in place, the following control should be implemented:

The monthly reconciliations should be reviewed by the Trustees, along with a list of outstanding checks, and the reconciled bank balance should be compared to the cashbook balance to ensure the amounts correspond. The balance of the cashbook should be reviewed to ensure that all active and invested money under the control of the Trustees is included. The Trustees should date and initial the monthly reconciliation as documentation of their review.

Response: The Township Trustee's recognize the importance of oversight, especially in a small government where a lack of separation of duties exists. The Trustee's will strengthen their monitoring review to include sign off procedures of what was reviewed and when.

**GREEN TOWNSHIP
CLARK COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
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FINDING NUMBER 2009-002

Material Weakness

Township Books and Records/Improper Recording of Revenues and Expenditure Transactions

Ohio Admin Code Section 117-2 provides that the Township Fiscal Officer shall keep the books of the Township; exhibit accurate statements of all monies received and expended, and maintain records of all property owned by the Township and income derived. In addition, Ohio Admin Code Section 117-2-02(A) states that all public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, document compliance with finance relate legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the administrative code. The Township did not maintain an accurate record of all monies received and disbursed. Significant adjustments were needed to reclassify receipts and expenditures to proper accounts. The following were noted:

- Bank and Investment balance was overstated at December 31, 2009, by \$3,786, caused by duplicate deposit.
- Receipts and Disbursements not entered in a timely manner
- Warrant numbers did not always agree to actual check number due to voided checks. Voided checks not always properly voided.
- Grant for fire/EMS was not recorded on the Townships books in the amount of \$8,011 in 2008
- Budgetary information on the Township's computer records did not agree with the information filed with the County Auditor. Failure to record and report the budgetary data accurately presents an inaccurate comparison of the budgetary activity and can mislead those using the annual financial report.
- Late charges and penalties were noted for OPERS and purchasing card.

The Fiscal Officer should reconcile the year end budgetary data with the approved amounts to ensure the budgetary activity is being reported accurately. These financial statements have been adjusted to reflect the approved and reported amounts.

Failure to provide accurate and complete financial information limits management's resources for decision making and can provide a false perception of the Township's financial position. Failure to accurately prepare and reconcile the accounting records reduces the accountability over Township funds, reduces the Trustees ability to monitor financial activity, increases the likelihood that monies will be misappropriated and not detected and increases likelihood that the Township's financial statements will be misstated.

Response: The Fiscal Officer will review the Township handbook for proper reporting of receipts and disbursements.

**GREEN TOWNSHIP
CLARK COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
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FINDING NUMBER 2009-003

Significant Deficiency

Ohio Rev. Code Section 5705.10 requires 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 Township recorded a receipt of tax from the County Auditor in the amount of \$4,824 to the EMS Fund instead of Gasoline Tax Fund during 2008 which resulted in erroneous fund balances.

The Township should develop and implement procedures to record receipts in the proper funds to provide for accurate financial information and reporting. This should include periodic review of postings by someone independent of the record keeping process.

Response: The Fiscal Officer will be more careful in reporting of revenues to the proper funds.

FINDING NUMBER 2009-004

Ohio Rev. Code Section 5705.39 prohibits a political subdivision or taxing authority from making fund appropriations in excess of the estimated revenue available for expenditure as certified by amended certificates from the county budget commission. The following fund was determined to have appropriations in excess of the available resources as certified by the county budget commission during 2008.

| <u>Fund Name</u> | <u>Estimated Resources</u> | <u>Appropriation</u> | <u>Variance</u> |
|------------------|--------------------------------|----------------------|-----------------|
| 2008 | | | |
| Gasoline Fund | \$114,948 | \$120,473 | (\$5,525) |

The Township should perform routine comparisons of all budgeted activity to prevent over-spending of available resources.

Response: Fiscal Officer and Trustees will monitor budgetary compliance more closely in the future.

FINDING NUMBER 2009-005

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.

**GREEN TOWNSHIP
CLARK COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
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FINDING NUMBER 2009-005, (continued)

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) 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 District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and Now" certificate to approve payment by ordinance or resolution. Amounts of less than \$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 District.
2. **Blanket certificate** – 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 line item appropriation.
3. **Super Blanket certificate** – The district 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 one line item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 28 percent and 17 percent of expenditures in 2009 and 2008, respectively; and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can lead to misappropriation of monies and negative cash fund balances. Unless the exceptions noted above are utilized, 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 that Township funds will exceed budgetary spending limitations, we recommend that the Township Clerk certify that the funds are or will be available prior to the obligation by the Township. When prior certification is not possible, "then and now" certification should be used. The Township issued 45 Then and Now Purchase orders over the \$3,000 threshold in 2009 and 10 in 2008.

**GREEN TOWNSHIP
CLARK COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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| <p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p> |
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FINDING NUMBER 2009-005, (continued)

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 fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Response: The Fiscal Officer will review ORC Section 5705.41 (D) for proper certification of funds.

**GREEN TOWNSHIP
CLARK COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain |
|----------------|--|------------------|---|
| 2007-001 | Failure of timely posting of revenues and bank reconciliations | No | Reissue as Finding 2009-001 |
| 2007-002 | Ohio Admin Code Section 117-2 - Failure to provide accurate and complete financial information | No | Reissue as Finding 2009-002 |
| 2007-003 | ORC 5705.10 - Failure to properly record special revenue fund receipts | No | Reissue as Finding 2009-003 |
| 2007-004 | ORC 5705.39 - Appropriations were in excess of available resources | No | Reissue as Finding 2009-004 |
| 2007-005 | ORC 5705.36 - Estimated receipts exceeding actual receipts | Yes | |
| 2007-006 | ORC Sec. 5705.41(D) - Expenditures were not properly certified and Then and Now POs were issued in excess of allowable amounts | No | Reissue as Finding 2009-005 |



Mary Taylor, CPA
Auditor of State

GREEN TOWNSHIP

CLARK 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 14, 2010**