



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**GREEN TOWNSHIP
HOCKING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Green Township
Hocking County
14536 State Route 595
Logan, Ohio 43138

To the Board of Trustees:

We have audited the accompanying financial statements of Green Township, Hocking County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000. 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 Green Township, Hocking County, as of December 31, 2001 and 2000, 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 August 7, 2002 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

August 7, 2002

**GREEN TOWNSHIP
HOCKING 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>	
Cash Receipts:			
Local Taxes	\$7,495	\$98,831	\$106,326
Intergovernmental	34,414	77,944	112,358
Licenses, Permits, and Fees		650	650
Earnings on Investments	2,545	307	2,852
Other Revenue	1,997	2,886	4,883
	<u>46,451</u>	<u>180,618</u>	<u>227,069</u>
Cash Disbursements:			
Current:			
General Government	54,253		54,253
Public Safety		11,301	11,301
Public Works		161,808	161,808
Health	5,860	1,662	7,522
Debt Service:			
Redemption of Principal		20,734	20,734
Interest and Fiscal Charges		4,318	4,318
	<u>60,113</u>	<u>199,823</u>	<u>259,936</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(13,662)</u>	<u>(19,205)</u>	<u>(32,867)</u>
Fund Cash Balances, January 1	<u>40,343</u>	<u>85,348</u>	<u>125,691</u>
Fund Cash Balances, December 31	<u>\$26,681</u>	<u>\$66,143</u>	<u>\$92,824</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$3,315</u>	<u>\$3,315</u>

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

**GREEN TOWNSHIP
HOCKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$7,313	\$93,839	\$101,152
Intergovernmental	61,900	74,462	136,362
Licenses, Permits, and Fees		2,525	2,525
Earnings on Investments	3,399	632	4,031
Other Revenue	112	100	212
	<u>72,724</u>	<u>171,558</u>	<u>244,282</u>
Cash Disbursements:			
Current:			
General Government	54,758		54,758
Public Safety		11,253	11,253
Public Works		132,628	132,628
Health	5,755	2,235	7,990
Debt Service:			
Redemption of Principal		21,240	21,240
Interest and Fiscal Charges		3,812	3,812
Capital Outlay		28,500	28,500
	<u>60,513</u>	<u>199,668</u>	<u>260,181</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>12,211</u>	<u>(28,110)</u>	<u>(15,899)</u>
Other Financing Receipts and (Disbursements):			
Proceeds from Sale of Public Debt:			
Sale of Notes		28,500	28,500
	<u>0</u>	<u>28,500</u>	<u>28,500</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	12,211	390	12,601
Fund Cash Balances, January 1	<u>28,132</u>	<u>84,958</u>	<u>113,090</u>
Fund Cash Balances, December 31	<u>\$40,343</u>	<u>\$85,348</u>	<u>\$125,691</u>

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

**GREEN TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Green Township, Hocking 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 general governmental services, road and bridge maintenance and, cemetery maintenance. The Township contracts with City of Logan to provide fire 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. 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:

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 for constructing, maintaining and repairing Township roads.

**GREEN TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

Special Levy: Fire District Fund - This fund receives property tax money to provide fire protection through a contract with the City of Logan Fire Department.

Special Levy: Road District Fund - This fund receives property tax money to provide operating supplies.

D. 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 function 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.

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 2001 and 2000 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.

**GREEN TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH

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

	2001	2000
Demand deposits	\$92,824	\$125,691
Total deposits	\$92,824	\$125,691

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, and/or (2) collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,090	\$46,451	\$7,361
Special Revenue	164,450	180,618	16,168
Total	\$203,540	\$227,069	\$23,529

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$77,800	\$60,113	\$17,687
Special Revenue	222,917	203,138	19,779
Total	\$300,717	\$263,251	\$37,466

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,574	\$72,724	\$33,150
Special Revenue	145,135	200,058	54,923
Total	\$184,709	\$272,782	\$88,073

**GREEN TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$67,706	\$60,513	\$7,193
Special Revenue	236,093	199,668	36,425
Total	\$303,799	\$260,181	\$43,618

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, 2001 was as follows:

	Principal	Interest Rate
Loader Backhoe	\$31,745	5.75%
1987 Ford Oil Truck	9,967	6.25%
Etnyre Asphalt Distributor	9,033	6.25%
Total	\$50,745	

The Case Loader lease is for a 580SL case Loader Backhoe. The lease began on February 24, 1999, and will terminate on February 24, 2005. The annual percentage rate is 5.75%.

A lease for a 1987 Ford Oil Truck began on April 7, 2000, and will terminate on April 7, 2005. The annual percentage rate is 6.25%.

A lease for an Etnyre Asphalt Distributor began on April 7, 2000, and will terminate on April 7, 2005. The annual percentage rate is 6.25%.

**GREEN TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT (Continued)

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

Year ending December 31:	Loader Backhoe	1987 Ford Oil Truck	Etnyre Asphalt Distributor
2002	\$9,062	\$2,884	\$2,614
2003	9,062	2,884	2,614
2004	9,062	2,884	2,614
2005	9,062	2,884	2,614
Total	<u>\$36,248</u>	<u>\$11,536</u>	<u>\$10,456</u>

6. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a 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. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles
- Public Officials Liability
- Errors and omissions.

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

Green Township
Hocking County
14536 State Route 595
Logan, Ohio 43138

To the Board of Trustees:

We have audited the accompanying financial statements of Green Township, Hocking County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 7, 2002. 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 2001-40373-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 7, 2002.

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 other 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 August 7, 2002.

Green Township
Hocking County
Report of Independent Accountants 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

August 7, 2002

**GREEN TOWNSHIP
HOCKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-40737-001

Noncompliance Citation

Ohio Rev. Code § 5705.41(D)(1) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- B. Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

All of the obligations paid by the Township had a statement attached indicating the purchase was lawfully appropriated or in the process of collection to the credit of the appropriate fund, free from any previous encumbrance. However, this certification was not dated prior to incurring the obligation for 28% of transactions tested.

We recommend the Township's Clerk monitor the use of purchase orders more carefully to help ensure expenditures are certified as to the availability of funds prior to incurring the obligation.



STATE OF OHIO
OFFICE OF THE AUDITOR

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GREEN TOWNSHIP

HOCKING 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
NOVEMBER 7, 2002**