



**Auditor of State  
Betty Montgomery**



**GREEN TOWNSHIP  
ROSS COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Green Township  
Ross County  
6409 Kingston-Adelphi Road  
Kingston, Ohio 45644

To the Board of Trustees:

We have audited the accompanying financial statements of Green Township, Ross County, Ohio, (the Township) as of and for the years ended December 31, 2003, and December 31, 2002. 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. The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe that our audit provides a reasonable basis for our opinion.

As described 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 of Green Township, Ross County, Ohio, as of December 31, 2003, and December 31, 2002, 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 April 29, 2004, 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.

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Green Township  
Ross County  
Independent Accountants' Report  
Page 2

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

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

**Betty Montgomery**  
Auditor of State

April 29, 2004

**GREEN TOWNSHIP  
ROSS COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$52,907	\$309,091	\$0	\$361,998
Intergovernmental	180,903	120,915	0	301,818
Charges for Services	0	3,718	0	3,718
Licenses, Permits, and Fees	0	6,857	0	6,857
Earnings on Investments	7,873	313	287	8,473
Other Revenue	54,242	17,878	0	72,120
	<u>295,925</u>	<u>458,772</u>	<u>287</u>	<u>754,984</u>
<b>Total Cash Receipts</b>				
	<u>295,925</u>	<u>458,772</u>	<u>287</u>	<u>754,984</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	126,700	0	0	126,700
Public Safety	0	447,966	0	447,966
Public Works	10,567	215,558	0	226,125
Health	24,680	5,786	0	30,466
Capital Outlay	0	361,311	0	361,311
	<u>161,947</u>	<u>1,030,621</u>	<u>0</u>	<u>1,192,568</u>
<b>Total Cash Disbursements</b>				
	<u>161,947</u>	<u>1,030,621</u>	<u>0</u>	<u>1,192,568</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>133,978</u>	<u>(571,849)</u>	<u>287</u>	<u>(437,584)</u>
<b>Other Financing Receipts:</b>				
Note Proceeds	0	515,000	0	515,000
	<u>0</u>	<u>515,000</u>	<u>0</u>	<u>515,000</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements</b>	<u>133,978</u>	<u>(56,849)</u>	<u>287</u>	<u>77,416</u>
<b>Fund Cash Balances, January 1</b>	<u>73,847</u>	<u>592,220</u>	<u>9,861</u>	<u>675,928</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$207,825</u></u>	<u><u>\$535,371</u></u>	<u><u>\$10,148</u></u>	<u><u>\$753,344</u></u>

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

**GREEN TOWNSHIP  
ROSS COUNTY**

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

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$52,247	\$304,985	\$0	\$0	\$357,232
Intergovernmental	68,102	113,517	18,505	0	200,124
Charges for Services	841	1,331	0	0	2,172
Licenses, Permits, and Fees	0	6,550	0	0	6,550
Earnings on Investments	12,554	431	0	417	13,402
Other Revenue	16,062	13,100	0	0	29,162
	<u>149,806</u>	<u>439,914</u>	<u>18,505</u>	<u>417</u>	<u>608,642</u>
Total Cash Receipts					
<b>Cash Disbursements:</b>					
Current:					
General Government	151,515	0	0	0	151,515
Public Safety	0	136,361	0	0	136,361
Public Works	19,335	181,560	0	0	200,895
Health	0	7,702	0	0	7,702
Capital Outlay	0	49,249	18,505	0	67,754
	<u>170,850</u>	<u>374,872</u>	<u>18,505</u>	<u>0</u>	<u>564,227</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>(21,044)</u>	<u>65,042</u>	<u>0</u>	<u>417</u>	<u>44,415</u>
<b>Other Financing Receipts:</b>					
Sale of Fixed Assets	<u>0</u>	<u>1,600</u>	<u>0</u>	<u>0</u>	<u>1,600</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(21,044)	66,642	0	417	46,015
Fund Cash Balances, January 1	<u>94,891</u>	<u>525,578</u>	<u>0</u>	<u>9,444</u>	<u>629,913</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$73,847</u></b>	<b><u>\$592,220</u></b>	<b><u>\$0</u></b>	<b><u>\$9,861</u></b>	<b><u>\$675,928</u></b>

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



**GREEN TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Green Township, Ross County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with Pickaway Township, Pickaway County, to provide fire services and Emergency Medical Services. The Township also contracts with MedCare to provide ambulance services.

The Township is associated with the Kinnikinnick Sewer District which is defined as a Related Organization. This organization is presented in Note 8 of the financial statements.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash that is 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.

**GREEN TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Special Revenue Funds (Continued)**

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

*Fire District Fund* – This fund receives property tax money to provide fire protection and emergency medical services for the Township.

**3. Capital Projects Funds**

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

*Issue II Fund* - The Township received a grant from the State of Ohio to pave roads.

**4. Fiduciary Funds (Trust and Agency Funds)**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

*Nonexpendable Trust Fund* –This fund accounts for interest earned from a certificate of deposit, which is held by Kingston National Bank, for the Mt. Pleasant Cemetery.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2002 and 2003 budgetary activity appears in Note 3.

**GREEN TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2002	2003
Demand deposits	\$551,909	\$744,969
Certificates of deposit	124,019	8,375
Total deposits	\$675,928	\$753,344

**Deposits:** Deposits are either (1) 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 December 31, 2002 and December 31, 2003 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$115,529	\$149,806	\$34,277
Special Revenue	434,765	441,514	6,749
Capital Projects	18,505	18,505	0
Fiduciary	360	417	57
Total	\$569,159	\$610,242	\$41,083

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$210,420	\$170,850	\$39,570
Special Revenue	968,097	374,872	593,225
Capital Projects	18,505	18,505	0
Total	\$1,197,022	\$564,227	\$632,795

**GREEN TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$295,925	\$295,925	\$0
Special Revenue	957,087	973,772	16,685
Fiduciary	287	287	0
Total	\$1,253,299	\$1,269,984	\$16,685

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$191,684	\$161,947	\$29,737
Special Revenue	1,465,838	1,030,621	435,217
Total	\$1,657,522	\$1,192,568	\$464,954

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, 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, 2003 was as follows:

	Principal	Interest Rate
General Obligation Note #1	\$375,000	3%
General Obligation Note #2	140,000	3.55
Total	\$515,000	

The general obligation note #1 was issued to finance the purchase of a new fire station located on Delano Road. The general obligation note #2 was issued to purchase a 1996 Pierce 75' ladder fire truck. The notes are collateralized solely by the Township's taxing authority.

**GREEN TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**5. DEBT (Continued)**

A debt service fund, general note retirement fund, has been implemented to account for the repayment of the above notes. The notes are being held by Kingston National Bank. Payment of the notes will commence in 2004.

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

Year ending December 31:	Principal	Interest	Total Payments
2004	\$73,571	\$11,725	\$85,297
2005	\$73,571	10,920	84,491
2006	\$73,571	10,210	83,781
2007	\$73,571	9,500	83,071
2008	\$73,571	8,796	82,367
2009	\$73,571	8,080	81,651
2010	<u>\$73,571</u>	<u>\$7,370</u>	<u>\$80,941</u>
Total	<u>\$515,000</u>	<u>\$66,601</u>	<u>\$581,601</u>

**6. RETIREMENT SYSTEM**

The employees of the Township belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2002 and 2003, members of OPERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2003. The Township has paid all contributions required through December 31, 2003.

**7. RISK MANAGEMENT**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. 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.

**GREEN TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

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. Governments 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.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, 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. 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>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	(11,791,300)	(9,197,512)
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$6,791,060	\$6,596,996
Liabilities	(750,956)	(1,204,326)
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>

**GREEN TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**8. RELATED ORGANIZATION**

The Township approved the creation of the Kinnikinnick Sewer District (the District). The District is statutorily created under Ohio Rev. Code Section 6119 and is a separate and distinct political subdivision of the State. The District board is made up of five board members and four are appointed by the Green Township Trustees. The final board member is appointed by the other board members of the District. The Sewer District is still in the planning phase of operations and has yet to make an assessment on the District's residents. The District possesses its own budgeting and taxing authority, hires and fires personnel and does not depend on the Township for operational subsidies. The Township made a loan of \$25,000 in December of 2002 to establish the District until other funding could be obtained. These funds were repaid to Green Township in 2003, when the District took out a loan for \$250,000. The District contains its own budgeting and taxing authority.

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**Auditor of State  
Betty Montgomery**

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

Green Township  
Ross County  
6409 Kingston-Adelphi Road  
Kingston, Ohio 45644

To the Board of Trustees:

We have audited the accompanying financial statements of Green Township, Ross County, Ohio, (the Township) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated April 29, 2004, wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**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.

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

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

**Betty Montgomery**  
Auditor of State

April 29, 2004



**Auditor of State  
Betty Montgomery**

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**GREEN TOWNSHIP**

**ROSS 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  
AUGUST 26, 2004**