

GREEN TOWNSHIP

FAYETTE COUNTY

REGULAR AUDIT

JANUARY 1, 2006 THROUGH DECEMBER 31, 2007

YEARS AUDITED UNDER GAGAS: 2007 AND 2006

CAUDILL & ASSOCIATES CPA's

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725 5<sup>th</sup> Street  
Portsmouth, Ohio 45662





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Green Township  
1508 Anderson Road  
Washington Court House, Ohio 43160

We have reviewed the *Independent Auditor's Report* of Green Township, Fayette County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2006 through December 31, 2007. 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 Auditor's 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 Auditor's 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

December 18, 2008

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**GREEN TOWNSHIP  
FAYETTE COUNTY**

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# Caudill & Associates, CPA's

725 5<sup>th</sup> Street  
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants

## Independent Auditor's Report

Board of Trustees  
Green Township  
Fayette County  
1508 Anderson Road  
Washington Court House, Ohio 43160

We have audited the accompanying financial statements of Green Township (the Township), Fayette County, as of and for the years ended December 31, 2007 and 2006. 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 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also presenting its larger (i.e. major) funds separately for 2007 and 2006. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, 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, 2007 and 2006, 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, 2007 and 2006, 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 as of the December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Green Township  
Independent Auditor's Report

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. 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 November 30, 2008, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Caudill & Associates, CPA's*

Caudill & Associates, CPA's

November 30, 2008



**GREEN TOWNSHIP  
FAYETTE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>Governmental Fund Types</b>		Fiduciary Funds	Totals
	General	Special Revenue		(Memorandum Only)
<b><u>Cash Receipts:</u></b>				
Property and Other Taxes	\$ 20,428	\$ 12,776	\$ -	\$ 33,204
Intergovernmental Receipts	25,620	95,675	-	121,295
Earnings on Investment	5,445	1,023	-	6,468
Miscellaneous	786	4,600	-	5,386
	<u>52,279</u>	<u>114,074</u>	<u>-</u>	<u>166,353</u>
<b><u>Disbursements:</u></b>				
Current:				
General Government	47,329	433	-	47,762
Public Safety	291	16,872	-	17,163
Public Works	388	35,696	-	36,084
Health	190	4,898	-	5,088
Capital Outlay	12,483	-	-	12,483
	<u>60,681</u>	<u>57,899</u>	<u>-</u>	<u>118,580</u>
Excess of Cash Receipts Over/ (Under) Cash Disbursements	(8,402)	56,175	-	47,773
Fund Cash Balance, January 1	<u>59,972</u>	<u>180,342</u>	<u>2,195</u>	<u>242,509</u>
Fund Cash Balance, December 31	<u>\$ 51,570</u>	<u>\$ 236,517</u>	<u>\$ 2,195</u>	<u>\$ 290,282</u>

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

**GREEN TOWNSHIP  
FAYETTE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		Fiduciary Funds	Totals
	General	Special Revenue		(Memorandum Only)
<b><u>Cash Receipts:</u></b>				
Property and Other Taxes	\$ 18,196	\$ 12,134	\$ -	\$ 30,330
Intergovernmental Receipts	18,345	97,853	-	116,198
Earnings on Investment	5,543	877	21	6,441
Miscellaneous	721	3,850	-	4,571
	<u>42,805</u>	<u>114,714</u>	<u>21</u>	<u>157,540</u>
<b><u>Disbursements:</u></b>				
Current:				
General Government	48,056	383	-	48,439
Public Safety	190	10,240	-	10,430
Public Works	39,646	27,989	-	67,635
Health	104	8,082	-	8,186
Capital Outlay	-	5,415	-	5,415
	<u>87,996</u>	<u>52,109</u>	<u>-</u>	<u>140,105</u>
Excess of Cash Receipts Over/ (Under) Cash Disbursements	(45,191)	62,605	21	17,435
Fund Cash Balance, January 1	<u>105,163</u>	<u>117,737</u>	<u>2,174</u>	<u>225,074</u>
Fund Cash Balance, December 31	<u>\$ 59,972</u>	<u>\$ 180,342</u>	<u>\$ 2,195</u>	<u>\$ 242,509</u>

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

**GREEN TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**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 of Fayette County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees governs the Township. The Township provides general government services, including Road and Bridge maintenance, Cemetery maintenance, and fire protection. The Township contracts with the Concord Green Fire Department 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. 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).

These statements adequately disclose material matters the Auditor of State prescribes.

**C. Cash and Investments**

The Township invests all available funds, except the Trust Funds, in a public funds NOW checking account and a Platinum One checking account and a Platinum checking account with a local commercial bank. The Fiduciary Fund's assets are deposited in 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:

**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 trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Fire Levy Fund – This fund receives property tax money to pay for providing fire protection to township residents.

Cemetery Fund – This fund receives monies from funeral services and uses the money to maintain the cemetery. Money received in 2007 and 2006 amounted to \$4,600 and \$ 3,850 and was classified as miscellaneous revenue.

**GREEN TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

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

**D. Fund Accounting (Continued)**

**3. Fiduciary Fund (Private Purpose Trust Fund)**

This fund accounts for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Private Purpose Trust Fund is used to account for the funds held in trust for specific uses in the cemetery. Only the interest earnings can be expended.

**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, 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 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 commitments are made. Encumbrances outstanding at year end are carried-over, and need not be re-appropriated. The Township did not have outstanding encumbrances at December 31, 2007 and 2006.

A summary of 2007 and 2006 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 deposit pool that all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	<u>2007</u>	<u>2006</u>
Demand deposits	<u>\$ 290,282</u>	<u>\$242,509</u>

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

**GREEN TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 51,895	\$ 52,279	\$ 384
Special Revenue	118,998	114,074	(4,924)
Permanent	0	-	0
Total	<u>\$ 170,893</u>	<u>\$ 166,353</u>	<u>\$ (4,540)</u>

/

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 118,487	\$ 60,681	\$ 57,806
Special Revenue	212,995	57,899	155,096
Permanent	2,195	0	2,195
Total	<u>\$ 333,677</u>	<u>\$ 118,580</u>	<u>\$ 215,097</u>

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 29,556	\$ 42,805	\$ 13,249
Special Revenue	96,485	114,714	18,229
Permanent	0	21	21
Total	<u>\$ 126,041</u>	<u>\$ 157,540</u>	<u>\$ 31,499</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 149,733	\$ 87,996	\$ 61,737
Special Revenue	199,219	52,109	147,110
Permanent	2,174	-	2,174
Total	<u>\$ 351,126</u>	<u>\$ 140,105</u>	<u>\$ 211,021</u>

**GREEN TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Trustees adopts 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 State pays the Township amounts equaling these deductions. The Township includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Township's behalf.

**5. RETIREMENT SYSTEMS**

The Township's employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

Contribution rates are prescribed by the Ohio Revised Code. For 2007 and 2006, OPERS members contributed 9.5 and 9 percent of their gross wages, respectively, and the Township contributed an amount equal to 13.85 and 13.7 percent, respectively, of participants' gross salaries.

**6. 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 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**

For an Occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim 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 \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,695,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

**GREEN TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**6. RISK MANAGEMENT (Continued)**

**Property Coverage**

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to the annual aggregate loss payments. Travelers provides aggregate stop-loss coverage based upon the combined 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 million per occurrence limit. The aggregate stop-loss limit for 2007 (latest information available) was \$2,014,548.

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.

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

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA. They must provide 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 contributions. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

**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, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,706	\$ 42,042,275
Liabilities	(13,357,837)	(12,120,661)
Retained Earnings	\$29,852,869	\$ 29,921,614

At December 31, 2007 and 2006, respectively, liabilities 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, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$28,000. 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.

**GREEN TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**6. RISK MANAGEMENT (Continued)**

**Property Coverage (Continued)**

**Contributions to OTARMA**

2006	\$9,489
2007	\$8,796

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide 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.

**7. COMPLIANCE**

- (1) Contrary to Ohio Rev. Code Section 505.24(C) and OAG Opinion 2004-036 the Township paid trustee salaries from the Gas Tax fund during the audit period without proper documentation.
- (2) Contrary to Ohio Rev. Code Section 5705.36 the Township's appropriations for the General Fund, Motor Vehicle License Fund, Cemetery Fund, Permissive Motor Vehicle License Fund and Fire District Fund exceeded total estimated revenue for the year ended December 31, 2006. In 2007, estimated resources were greater than actual resources in the General Fund and Fire District Fund.
- (3) Contrary to Ohio Rev. Code Section 5705.39, the Township made appropriations in excess of the total estimated resources available for appropriation concerning the General Fund by \$15,014 in 2006 and \$6,620 in 2007.
- (4) Contrary to Ohio Rev. Code Section 5705.41 (D) the Township did not properly certify the availability of funds prior to obligation for 21.7% or \$15,569 of purchases tested in 2006 and 66.2% or \$31,475 of the purchases tested in 2007.



# Caudill & Associates, CPA's

725 5<sup>th</sup> Street  
Portsmouth, OH 45662

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## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Trustees  
Green Township  
Fayette County  
1508 Anderson Road  
Washington Courthouse, Ohio 43160

We have audited the financial statements of Green Township (the Township), Fayette County, as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated November 30, 2008 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the following deficiency described in the accompanying schedule of findings and responses to be significant deficiency in internal control over financial reporting as item 2007-005.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Green Township  
Fayette County

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. The significant deficiency reported is not a material weakness in internal control over financial reporting.

**Compliance and Other Matters**

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 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 four instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Responses as items 2007-001, 2007-002, 2007-003 and 2007-004.

We noted a certain noncompliance that we reported to the Township's management in a separate letter dated November 30, 2008.

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

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

*Caudill & Associates, CPA's*

Caudill & Associates, CPA's

November 30, 2008

**GREEN TOWNSHIP  
FAYETTE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2007 AND 2006**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2007-001**

**Noncompliance Citation – Ohio Rev. Code Section 505.24(C) and OAG Opinion 2004-036**

**Ohio Revised Code Section 505.24(C) and OAG Opinion 2004 – 036** requires Township Trustees to establish administrative procedures to document the proportionate amount chargeable to other township funds based on the kinds of services rendered. If the trustee compensation paid solely from the General fund, documentation of hours spent in service is not required.

Trustees were paid from the Gas Tax fund in 2006 without proper documentation. The financial statements have been adjusted by the Township due to this non-compliance.

We recommend the Township establish administrative procedures to document the proportionate amount of Trustees salaries to be charged to other Township funds based on the kinds of service rendered.

**Township Response:**

The Trustees will adopt necessary administrative procedures to allow proper documentation of services rendered by fund and the Township has agreed to make the adjustments to the financial statements suggested by the auditor.

**FINDING NUMBER 2007-002**

**Noncompliance Citation – Ohio Rev. Code Section 5705.36**

The Ohio Revised Code Section 5705.36 (A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. ORC 5705.36 requires the Township to obtain an increased amended certificate of estimated resources from the budget commission if the legislative authority intends to appropriate and expend excess revenue. The Ohio Revised Code Section 5705.36 (A) (4) requires the Township to obtain a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

In 2006, estimated resources were greater than actual resources in the General Fund, Motor Vehicle License fund, Cemetery fund, Permissive Motor Vehicle License Tax Fund and Fire District fund. There was no amended certificate of estimated resources obtained from the county auditor to reduce estimated figures. In 2007, estimated resources were greater than actual resources in the General Fund and Fire District Fund.

There was no amended certificate of estimated resources obtained from the county auditor to reduce the estimated figures.

This could allow deficit spending to occur.

We recommend the Fiscal Officer obtain a reduced certificate of estimated resources when it is determined that estimated receipts will be less than the actual receipts causing resources to fall below the level of appropriations. Approval of the modifications should be enacted and documented in the Township Minutes.

**GREEN TOWNSHIP  
FAYETTE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2007 AND 2006**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2007-002 (Continued)**

**Township Response:**

The Township will monitor budgetary compliance more closely.

**FINDING NUMBER 2007-003**

**Noncompliance Citation – Ohio Rev. Code Section 5705.39**

The Ohio Revised Code Section 5705.39 requires in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is 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.

Contrary to this requirement, the Township made appropriations in excess of the total estimated resources available for appropriation concerning the General Fund by \$15,014 in 2006 and \$6,620 in 2007.

This could allow deficit spending to occur.

**Township Response:**

The Township was unaware of this requirement and will monitor changes in estimated resources more closely.

**FINDING NUMBER 2007-004**

**Noncompliance Citation – Ohio Rev. Code Section 5705.41 (D)**

Ohio Rev. Code Section 5705.41 (D) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by Ohio Rev. Code Section 5705.41 (D):

Then and Now Certificate: If the fiscal officer can certify that both at the time that 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 previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due.

The taxing authority has 30 days from the receipt of the “then and now” 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.

**GREEN TOWNSHIP  
FAYETTE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2007 AND 2006**

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

**FINDING NUMBER 2007-004(Continued)**

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, 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.

The Township did not properly certify the availability of funds prior to obligation for 21.7% or \$15,568.54 of purchases tested in 2006 and 66.2% or \$31,475 of the purchases tested in 2007

We recommend the Township implement policies to ensure that all purchases first have monies certified by the Fiscal Officer before purchasing or ordering an item. We also recommend the use of a "then and now" certificate in instances of emergency or absence of proper authority.

**Township Response:**

Township officials will monitor the proper certifying of expenditures more closely.

**FINDING NUMBER 2007-005**

**Significant Deficiency - Payroll Procedures**

In 2007 and 2006, timesheets were not signed by a supervisor prior to payment. Failure to review and authorize timesheets could lead to errors and discrepancies in hours compensated.

All timesheets should have supervision to ensure the accuracy of hours worked. As well all timesheets should be dated to document the date and amount of work performed for appropriation purposes.

We recommend the Township develop and adopt appropriate procedures to ensure that all timesheets are properly reviewed and authorized to ensure accuracy of hours worked and to ensure that time did not overextend beyond approved hours of work for job description or beyond appropriated amounts.

**Township Response:**

Township will ensure that all timesheets are signed and approved prior to any payments being made.

**GREEN TOWNSHIP  
FAYETTE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
For The Fiscal Years Ended December 31, 2007 and 2006**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2005-001	Revised code 507.41 (D) Timely Certification of Funds	No	2007 - 004



Mary Taylor, CPA  
Auditor of State

**GREEN TOWNSHIP**

**FAYETTE 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  
DECEMBER 31, 2008**