



Dave Yost • Auditor of State

**GREEN TOWNSHIP
CLINTON COUNTY**

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Dave Yost • Auditor of State

Green Township
Clinton County
10850 SR 28
New Vienna, Ohio 45159

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 2, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Green Township
Clinton County
10850 SR 28
New Vienna, Ohio 45159

To the Board of Trustees:

We have audited the accompanying financial statements of Green Township, Clinton County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009. 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. The Township processes its financial transactions with 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(A) mandates the Auditor of State to audit Ohio governments. 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, 2010 and 2009 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, 2010 and 2009, 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, Clinton County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements 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 November 2, 2011, 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.



Dave Yost
Auditor of State

November 2, 2011

**GREEN TOWNSHIP
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$22,357	\$52,191	\$74,548
Licenss, Permits, and Fees	7,725		7,725
Intergovernmental	19,354	109,866	129,220
Earnings on Investments	4,752	24	4,776
Miscellaneous	7,944		7,944
Total Cash Receipts	62,132	162,081	224,213
Cash Disbursements:			
Current:			
General Government	51,410	29,363	80,773
Public Works		96,192	96,192
Health	22,172		22,172
Capital Outlay		11,082	11,082
Total Cash Disbursements	73,582	136,637	210,219
Total Receipts Over/(Under) Disbursements	(11,450)	25,444	13,994
Other Financing Receipts / (Disbursements):			
Transfers-In		1,000	1,000
Transfers-Out	(1,000)		(1,000)
Other Financing Sources	10,400		10,400
Other Financing Uses	(900)		(900)
Total Other Financing Receipts / (Disbursements)	8,500	1,000	9,500
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(2,950)	26,444	23,494
Fund Cash Balances, January 1	45,282	84,839	130,121
Fund Cash Balances, December 31	\$42,332	\$111,283	\$153,615
Reserve for Encumbrances, December 31	\$477	\$1,010	\$1,487

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

**GREEN TOWNSHIP
CLINTON 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**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$22,010	\$51,854	\$73,864
Licenses, Permits, and Fees	4,085		4,085
Intergovernmental	16,435	108,331	124,766
Earnings on Investments	147	10	157
Miscellaneous	7,147	142	7,289
	<u>49,824</u>	<u>160,337</u>	<u>210,161</u>
Cash Disbursements:			
Current:			
General Government	45,723	40,380	86,103
Public Works		55,359	55,359
Health	13,514		13,514
Capital Outlay	25,000	10,000	35,000
	<u>84,237</u>	<u>105,739</u>	<u>189,976</u>
Total Receipts Over/(Under) Disbursements	<u>(34,413)</u>	<u>54,598</u>	<u>20,185</u>
Restated Fund Cash Balances, January 1	<u>79,695</u>	<u>30,241</u>	<u>109,936</u>
Fund Cash Balances, December 31	<u>\$45,282</u>	<u>\$84,839</u>	<u>\$130,121</u>
Reserve for Encumbrances, December 31	<u>\$5</u>	<u>\$6</u>	<u>\$11</u>

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

**GREEN TOWNSHIP
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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, Clinton County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and general government services.

The Township participates in a jointly governed organization and the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Notes 8 and 6 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organization:

The Township participates in the Clinton Highland Joint Fire District (the District), a jointly governed organization. Note 8 to the financial statements provides additional information for this entity.

Public Entity Risk Pool:

The pool provides insurance and bonding coverage for the Township. Note 6 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

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

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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:

**GREEN TOWNSHIP
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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 to pay for constructing, maintaining, and repairing Township roads.

Motor Vehicle License Fund - This fund is receives license tax money to pay for maintaining and repairing Township roads.

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 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. The Township did not use the encumbrance method of accounting. The Township did not encumber all commitments required by Ohio law.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**GREEN TOWNSHIP
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 Deposits and Investments

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

	2010	2009
Demand deposits	\$89,161	\$66,007
Certificates of deposit	64,454	64,114
Total deposits	153,615	130,121

Deposits: Deposits are insured by the Federal Depository Insurance Corporation

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows note 3 - Budgetary:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$55,597	\$72,532	\$16,935
Special Revenue	163,893	163,081	(812)
Total	\$219,490	\$235,613	\$16,123

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$106,826	\$75,959	\$30,867
Special Revenue	228,044	137,647	90,397
Total	\$334,870	\$213,606	\$121,264

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$44,558	\$49,824	\$5,266
Special Revenue	160,858	160,337	(521)
Total	\$205,416	\$210,161	\$4,745

**GREEN TOWNSHIP
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$124,252	\$84,242	\$40,010
Special Revenue	191,097	105,745	85,352
Total	\$315,349	\$189,987	\$125,362

Contrary to Ohio law, budgetary appropriations exceeded actual resources in the MVL fund by \$6,309 for the year ended December 31, 2010 and \$5,403 for the year ended December 31, 2009. Appropriations exceeded actual resources in the Gas Tax fund by \$4,861 for the year ended December 31, 2009.

4. Property Tax

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

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

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

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

5. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

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.

**GREEN TOWNSHIP
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Risk Management (Continued)

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$2,000

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
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Risk Management (Continued)

<u>Contributions to OTARMA</u>	
<u>2010</u>	<u>2009</u>
3,274	2,887

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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. Related Party Transactions

The Township paid Woodruff Excavating, which is owned by James Woodruff, a Township Trustee \$3,705 for snow removal services during 2010.

8. Jointly Governed Organizations

The Clinton Highland Joint Fire District (the District) is comprised of a five-member Board of trustees which governs the District. One board member is appointed by each political subdivision within the District. Those subdivisions are Green Township and Wayne Township in Clinton County; Union Township and Penn Township in Highland County; and the Village of New Vienna. The District provides fire protection and rescue services within the Township and by contract to areas outside the District.

9. Prior Period Restatement

The Township received a donation from the International Order of Oddfellows in 2008. The donation was posted to a special revenue fund. The donation was not restricted and should have been posted to the general fund. This resulted in a restatement that increased the 2009 beginning General Fund balance by \$ 50,533 and decreased the beginning Special Revenue fund balance by the same.

10. Compliance

Contrary to Ohio Revised Code 505.24C and Attorney General's Opinion 2004-036, the Township paid salaries from funds other than the General fund and did not allocated the salaries based on cumulative actual service efforts.



Dave Yost • Auditor of State

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

Green Township
Clinton County
10850 SR 28
New Vienna, Ohio 45159

To the Board of Trustees:

We have audited the financial statements of Green Township, Clinton County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated November 2, 2011 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township processes its financial transactions with 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 Government 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(A) mandates the Auditor of State to audit Ohio governments. 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 opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined 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 material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when 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 finding 2010-001 and 2009-008 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-001 through 2010-008

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated November 2, 2011.

We intend this report solely for the information and use of management and others within the Township. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

November 2, 2011

**GREEN TOWNSHIP
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

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

<i>Finding Number</i>	2010-001
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NONCOMPLIANCE/MATERIAL WEAKNESS

Ohio Admin. Code Section 117-2-02 requires governments to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Ohio Revised Code, Section 507.11(B), states that no money belonging to a township may be paid out except upon an order signed personally by at least two trustees and countersigned by the fiscal officer.

We noted the following conditions related to the Township’s accounting system:

- Checks were not issued in numerical order which indicates that dates were manipulated in the UAN system.
- 25 of 37 expenditures tested were not coded properly. We identified errors as noted below:
 - Six expenditures totaling \$6,209 had object level coding errors that would prevent the Township from monitoring the budget at the legal level of control.
 - Four expenditures totaling \$19,953 had function level coding errors resulting in the following financial statement adjustments.

Description	Amount
Special Revenue Public Works	\$4,903
Special Revenue Capital outlay	\$3,674
Special Revenue General Government	\$-8,577

- OTARMA insurance was paid from the Road and Bridge fund in 2009 and Gasoline Tax fund in 2010. We noted that there is liability insurance on the cemetery as well as other general administrative items that would not be allowed to be paid from the Road and Bridge Fund, or the Gasoline tax fund. We were not provided a breakdown of the amount.
- There were two expenditures that were paid from the road and bridge public works, but the invoices noted that the gravel that was for the cemetery. The gravel for the Cemetery was not allowable from the Road and Bridge Fund. The invoices did not attribute an amount for the gravel for the Cemetery.
- 11 expenditures totaling \$3,955 were for the deputy fiscal officer's wages in 2010 and should have been charged to the General Fund as a General Government expense. The following adjustment was posted to the financial statements to correct these expenditures.

**FINDING NUMBER 2010-001
(Continued)**

Amount	Actual Posting	Proper Posting
\$25	Road and Bridge fund 2031 Public Works	General Fund General Government
\$50	Road and Bridge fund 2031- General Government	General Fund General Government
\$3,880	Gas Tax fund 2021- Public Works	General Fund General Government

- 18 of 37 expenditures tested did not have supporting documentation agreeing to the payment attached to the voucher packet. We were able to obtain supporting documentation through alternate audit procedures.
- 3 of 37 expenditures totaling \$10,698 did not have the fiscal officer's signature on the voucher.
- 8 of 37 warrant numbers in the UAN system did not match the numbers that cleared the bank.
- Certain miscellaneous receipts were not supported by proper documentation. We determined that the Township received an insurance claim that required the following adjustment.

Description	Amount
2010 Cemetery Misc	\$-10,400
2010 General Fund Other Financing Sources	\$10,400

- Property tax rollbacks and personal property reimbursements were recorded as taxes, but should have been recorded as intergovernmental revenue, requiring the following adjustment:

Description	Amount
2010 General Fund Tax Revenue	\$-3,825
2010 General Fund Intergovernmental Revenue	3,825
2010 Special Revenue Taxes	-8,301
2010 Special Revenue Intergovernmental Revenue	8,301
2009 General Fund Taxes	-675
2009 General Fund Intergovernmental	675
2009 Special Revenue Taxes	-632
2009 Special Revenue Intergovernmental	632

- The estimated resources and appropriations in the UAN system did not agree to the actual approved documents.

We recommend that the Township review the UAN chart of accounts to be able to properly classify revenues and expenditures. We also recommend that the township compare the approved budgetary amounts to the budgetary amounts in UAN to ensure that the Township can accurately monitor the Township budgets. All warrants should be issued in numerical order, signed by the fiscal officer and two trustees, and the warrant numbers should agree to the numbers recorded in the UAN system.

**FINDING NUMBER 2010-001
 (Continued)**

Additionally the Township should implement controls to ensure that all expenditures are properly supported. Ensuring that all UAN entries are accurate and approved will allow the Township to present accurate financial statements.

<i>Finding Number</i>	2010-002
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NONCOMPLIANCE

Ohio Revised Code, § 5705.41(D)(1), 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. Further, contracts and orders for expenditures lacking prior certification shall be null and void. There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. “Then and Now” Certificate – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the Fiscal Officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.
2. Blanket Certificate – The Fiscal Officer may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The township did not properly certify the availability of funds for purchase commitments for 7 of the 25 or 28% of the expenditures tested and none of the exceptions above applied. Failure to properly certify the availability of funds can result in overspending and negative cash fund balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

**FINDING NUMBER 2010-002
 (Continued)**

To improve controls over disbursements and to help reduce the possibility of the Township's expenditures exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used. "Then and Now" certificates over \$3,000 should be approved by ordinance or resolution. We recommend the Township certify all purchases to which section 5705.41(D) applies. 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.

<i>Finding Number</i>	2010-003
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NONCOMPLIANCE/FINDING FOR RECOVERY REPAID UNDER AUDIT

Ohio Revised Code, § 507.02, provides that when a township fiscal officer is unable to carry out the duties of office because of illness, the board of township trustees shall appoint a deputy fiscal officer, who shall have full power to discharge the duties of the office. The deputy fiscal officer shall serve during the period of time the fiscal officer is absent or incapacitated, or until a successor fiscal officer is elected and qualified. The board shall, by resolution, adjust and determine the compensation of the fiscal officer and deputy fiscal officer. The total compensation of both the fiscal officer and any deputy fiscal officer shall not exceed the sums fixed by section 507.09 of the Revised Code in any one year.

During 2010, The fiscal officer, John Vergne, was unable to carry out the duties of the office because of illness. The township trustees appointed a deputy fiscal officer at a rate of \$15 per hour. The fiscal officer's salary was not reduced by the amount paid to the deputy fiscal officer. This resulted in an overpayment of \$4,425 to fiscal officer John Vergne as calculated below:

Fiscal Officer Compensation Paid to John Vergne	\$12,733
Fiscal Officer Compensation Paid to Dee Debold	4,825
Total amount paid for Fiscal Officer Compensation Paid during 2010	17,558
Total allowable Fiscal Officer Compensation, Per section 507.09 ORC	12,733
Amount overpaid for Fiscal Officer Compensation during 2010	4,825
Less Overpayment to Dee Debold attributable to calculation errors <i>(Refer to Finding 2010-007 for additional information)</i>	(400)
Overpayment amount to John Vergne for Fiscal Officer Compensation during 2010	\$4,425

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued against John Vergne, Fiscal Officer, and his bonding company, Ohio Township Association Risk Management Authority in the amount of \$4,425 and in favor of the Green Township General Fund.

On July 5, 2011 Ms Vergne, wife of John Vergne, issued a check to Green Township for \$4,425 as repayment. This finding for recovery is considered paid under audit.

<i>Finding Number</i>	2010-004
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NONCOMPLIANCE FINDING FOR RECOVERY REPAID UNDER AUDIT

Per Ohio Revised Code, Section 505.60, the board of township trustees of any township may procure and pay all or any part of the cost of insurance policies that may provide benefits for township officers and employees. According to Ohio Rev. Code Section 505.60(D), if any township officer or employee elects not to participate in the township's health care plan, the township may reimburse the officer or employee for insurance benefits described in division (A) of this section that the officer or employee otherwise obtains, but not to exceed an amount equal to the average premium paid by the township for its officers and employees under any health care plan it procures under this section.

Green Township provides health insurance benefits to its Officers and employees. According to the minutes for 2009 and 2010, the Trustees voted to continue to reimburse the Trustees and Fiscal officer for their out-of-pocket healthcare insurance premiums on a monthly basis. Green Township Trustee Bryan Linkhart elected not to participate in the township's plan and was reimbursed by the township for his out of pocket premiums.

During 2010, Trustee Linkhart secured health, dental, and vision insurance and made payments directly to the insurance company. Mr. Linkhart's total out-of-pocket expense for insurance in 2010 was \$1,139, but received reimbursements in excess of his actual out of pocket expense.

Mr. Linkhart received monthly reimbursements from Green Township in the amount of \$1,409 in 2010. Payments in 2010 were made as 57% paid from the General Fund and 43% paid from the Gas Tax Fund.

Overpayments are detailed in the table below:

Year	Amount Paid for Insurance by Trustee Linkhart	Reimbursements made by Township to Trustee Linkhart	Overpayment
2010	\$1,139	\$1,409	\$270

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Bryan Linkhart, Trustee and his bonding company, Ohio Township Association Risk Management Authority, in the amount of \$270. These findings are in favor of the Green Township General fund in the amount of \$154, and in favor of the Gas Tax Fund in the amount of \$116.

On July 5, 2011 Mr. Linkhart issued a check to Green Township for \$270 as repayment. This finding for recovery is considered paid under audit.

<i>Finding Number</i>	2010-005
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NONCOMPLIANCE/FINDING FOR RECOVERY REPAID UNDER AUDIT

Per Ohio Rev. Code Section 505.60, the board of township trustees of any township may procure and pay all or any part of the cost of insurance policies that may provide benefits for township officers and employees. According to Ohio Rev. Code Section 505.60(D), if any township officer or employee elects not to participate in the township's health care plan, the township may reimburse the officer or employee for insurance benefits described in division (A) of this section that the officer or employee otherwise obtains, but not to exceed an amount equal to the average premium paid by the township for its officers and employees under any health care plan it procures under this section.

**FINDING NUMBER 2010-005
 (Continued)**

Green Township provides health insurance benefits for its Trustees and employees. According to the minutes for 2009 and 2010, the Trustees voted to continue to reimburse the Trustees and Fiscal Officer for their out-of-pocket health care insurance premiums. Green Township Trustee James Woodruff elected not to participate in the township's plan and was reimbursed by the township for his out of pocket premiums. During 2009 and 2010, Mr. Woodruff received reimbursements for his premiums, but did not provide support for the amount of the premium.

Mr. Woodruff received reimbursements from Green Township in the amount of \$8,880 in 2010 and \$4,971 in 2009. Mr. Woodruff Payments in 2010 were made as 34% paid from the General Fund and 66% paid from the Gas Tax Fund. Overpayments are detailed in the table below:

Year	Amount Documented Paid for Insurance by Trustee Woodruff	Reimbursements made by Township to Trustee Woodruff	Overpayment
2010	\$5,111	\$8,879	\$3,768

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against James Woodruff, Trustee, and his bonding company, Ohio Township Association Risk Management Authority, in the amount of \$3,768. The finding is in favor of the Green Township General fund in the amount of \$1,281 and in favor of the Gas Tax Fund in the amount of \$2,487.

On November 1, 2011 Mr. Woodruff issued a check to Green Township for \$3,768 as payment. This finding for recovery is considered paid under audit.

<i>Finding Number</i>	2010-006
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NONCOMPLIANCE

Ohio Revised Code, Section 5705.36(A)(4), states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

Actual revenues were short of estimated revenues resulting in appropriations exceeding actual resources by the following amounts

Fund	Amount
2009 MVL	\$5,403
2009 Gas Tax	4,861
2010 MVL	6,309

We recommend that the Township monitor the estimated receipts and request a reduced amended certificate when the actual revenue collected will reduce resources below than the amount appropriated.

<i>Finding Number</i>	2010-0007
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NONCOMPLIANCE/FINDING FOR RECOVERY REPAID UNDER AUDIT

Ohio Revised Code, § 507.02, states that when a township fiscal officer is unable to carry out the duties of office because of illness, the board of township trustees shall appoint a deputy fiscal officer, who shall have full power to discharge the duties of the office. The deputy fiscal officer appointed under 507.02 shall give bond, for the faithful discharge of official duties, as required under section 507.03 of the Revised Code, before entering on the discharge of official duties. The deputy fiscal officer shall serve during the period of time the fiscal officer is absent or incapacitated, or until a successor fiscal officer is elected and qualified. The board shall, by resolution, adjust and determine the compensation of the fiscal officer and deputy fiscal officer. The total compensation of both the fiscal officer and any deputy fiscal officer shall not exceed the sums fixed by section 507.09 of the Revised Code in any one year.

As further explained in Finding 2010-003, the fiscal officer was unable to carry out the duties of the office because of illness. The township trustees appointed Benna Dee Deboard to perform the duties of the fiscal officer at a rate of \$15 per hour. Contrary to the Ohio Revised Code, the board of township trustees did not adjust and determine the compensation of the fiscal officer and the deputy fiscal officer nor did Benna Dee Deboard give bond for the faithful discharge of the official's duties. Additionally during testing we noted that the township did not maintain detailed time sheets that were reviewed by the trustees. Using the time noted on the check stubs retained by the township, we identified the following overpayments:

Check Number	Hours Worked	Recalculated Pay	Actual Pay	Overpayment
3012	20	\$300	\$600	\$300
3072	22	330	430	100
			Total	\$400

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Benna Dee Deboard, Deputy Fiscal Officer, in the amount of \$400 and in favor of the Green Township General fund.

On July 5, 2011 Ms. Deboard issued a check to Green Township for \$400 as repayment. This finding for recovery is considered paid under audit.

<i>Finding Number</i>	2010-008
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NONCOMPLIANCE/MATERIAL WEAKNESS

Ohio Revised Code, 505.24 (C), and 2004 OAG Opinion 2004-036 require trustees to establish administrative procedures to document the proportionate amount chargeable to other township funds based on the kinds of services rendered. The "administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustees document all time spent on township business and the type of service performed, in a manner similar to trustees paid per diem compensation. If trustees do not document their time, then no part of salaries may be paid from the restricted funds.

**FINDING NUMBER 2010-008
 (Continued)**

Trustees salaries, insurance and PERS were not allocated by the documentation the trustees maintained. Failure to allocate the salaries caused salaries and benefits to be charged to the wrong funds and resulted in the following adjustments:

Item	Amount	Proper Classification	Classification reported
2009			
Salaries PERS, and Insurance	\$20,688	General Fund General Government Expenditures	Special Revenue- General Government Expenditures
2010			
Salaries, PERS, and Insurance	\$29,673	General Fund General Government Expenditures	Special Revenue- General Government

We recommend that the Township establish administrative procedures to ensure that payroll and the related benefits are allocated based on the documentation that the trustees maintain. Allocating payroll based on the documentation will permit the Township to be in compliance with OAG opinion 2004-036. The financial statements and the Township's accounting records have been adjusted to properly report trustee salaries.

We did not receive a response from officials to the findings above.



Dave Yost • Auditor of State

GREEN TOWNSHIP

CLINTON 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 29, 2011**