

GREEN TOWNSHIP
MONROE COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2005

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



**Auditor of State
Betty Montgomery**

Board of Trustees
Green Township
P.O. Box 14
Laings, Ohio 43752

We have reviewed the *Report of Independent Accountants* of Green Township, Monroe County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2005 through December 31, 2005. 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.

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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

November 21, 2006

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**GREEN TOWNSHIP
MONROE COUNTY
AUDIT REPORT**
For the year ended December 31, 2005

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustees
Green Township, Monroe County
P.O. Box 14
Laings, Ohio 43752

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Green Township, Monroe County, Ohio, (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Green Township, Monroe County, Ohio, as of December 31, 2005, and the respective changes in cash basis financial position and the respective budgetary comparison for the General, the Gasoline Tax, the Miscellaneous Special Revenue 1507, the Miscellaneous Special Revenue 1580 and the Motor Vehicle License Tax funds for the year ended December 31, 2005, in conformity with accounting basis Note 2 describes.

The management's discussion and analysis on pages 3 to 8 is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2006 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, 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 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.

Charles E. Harris & Associates, Inc.

August 31, 2006

GREEN TOWNSHIP, MONROE COUNTY

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

This discussion and analysis of Green Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2005 are as follows:

Net assets of governmental activities decreased \$15,020, or 21 percent in 2005, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the Miscellaneous Special Revenue 1507 Fund.

The Township's general receipts are primarily property taxes and grants. These receipts represent 7 and 55 percent, respectively of the total cash received for governmental activities. Property tax receipts and grants for 2005 increased compared to 2004.

The Township unexpectedly received FEMA grants of \$129,655 for flood disasters. This is included in the governmental activities as Public Works.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion

GREEN TOWNSHIP, MONROE COUNTY

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, the Township activities are classified as one type of activity:

Governmental activities. All of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are as follows:

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) are combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Miscellaneous Special Revenue 1507 Fund, Miscellaneous Special Revenue 1580 Fund and Motor Vehicle License Tax Fund.

GREEN TOWNSHIP, MONROE COUNTY

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2005 on the cash basis. Since this is the first year the Township has reported on this method, there are no comparisons to 2004.

(Table 1)
Net Assets

	<u>Total</u>
	<u>2005</u>
Assets	
Cash and Cash Equivalents	\$ 56,965
Total Assets	<u>\$ 56,965</u>
 Net Assets	
Restricted for:	
Other Purposes	51,080
Unrestricted	<u>5,885</u>
Total Net Assets	<u>\$ 56,965</u>

As mentioned previously, net assets of governmental activities decreased \$15,020 or 21 percent during 2005. The primary reasons contributing to the decrease in cash balances was the spending down of the Miscellaneous Special Revenue 1507 Fund monies received in prior years.

Table 2 and 3 reflect the changes in net assets during the year. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data for 2005 and 2004 has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

GREEN TOWNSHIP, MONROE COUNTY

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

(Table 2)

Changes in Net Assets

	Governmental Activities 2005
Receipts:	
Program Receipts:	
Operating Grants and Contributions	\$ 91,272
Total Program Receipts	<u>91,272</u>
General Receipts:	
Property and Other Local Taxes	17,675
Grants and Entitlements Not Restricted to Specific Programs	137,338
Interest	346
Miscellaneous	839
Total General Receipts	<u>156,198</u>
Total Receipts	<u>247,470</u>
Disbursements:	
General Government	19,551
Public Safety	1,117
Public Works	221,273
Human Services	50
Conservation-Recreation	3,499
Capital Outlay	17,000
Total Disbursements	<u>262,490</u>
Increase (Decrease) in Net Assets	(15,020)
Net Assets, January 1, 2005	71,985
Net Assets, December 31, 2005	<u>\$ 56,965</u>

Program receipts represent 37 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money and FEMA money used for specific Township repairs.

General receipts represent 63 percent of the Township's total receipts, and of this amount, 88 percent are state and federal grants and entitlements. Property taxes represent 11 percent of general receipts and other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, management attempts to limit these costs.

Public Works is the cost of maintaining the Township roads.

Governmental Activities

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The

GREEN TOWNSHIP, MONROE COUNTY

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

major program disbursements for governmental activities are for public works and general government. Public Works account for 84 percent of all government disbursements, General Government and Capital Outlay account for 7 percent and 6 percent, respectively. The remaining activities are minimal. The next column of the Statement entitled Program Receipts identify grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)		
	Governmental Activities	
	Total Cost	Net Cost
	Of Services	of Services
	2005	2005
General Government	\$ 19,551	\$ (19,551)
Public Safety	1,117	(1,117)
Public Works	221,273	(130,001)
Human Services	50	(50)
Conservation-Recreation	3,499	(3,499)
Capital Outlay	17,000	(17,000)
Total Expenses	\$ 262,490	\$ (171,218)

The dependence upon unrestricted grants and entitlements and property tax receipts is apparent as over 65 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$247 thousand, and disbursements of \$262 thousand. The greatest change within governmental funds occurred within the FEMA Special Levy Fund.

Governmental receipts were less than disbursements by \$15,020 indicating that the Township has entered into a deficit spending situation during 2005. The Township's decrease in cash was due to the spending of local FEMA matching funds that was received in the prior years.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted funds are the General Fund, Gasoline Tax Fund, Miscellaneous Special Revenue 1507 Fund, Miscellaneous Special Revenue 1580 Fund and Motor Vehicle License Tax Fund.

During the year, the Township did not amend its General Fund budget. There was no difference between final budgeted receipts and actual receipts.

Final disbursements were budgeted at \$26,126 and actual disbursements were \$21,734.

GREEN TOWNSHIP, MONROE COUNTY

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2005, the Township had no debt.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Township relies heavily on local taxes and shared revenues from the State of Ohio. The Township does not anticipate any increases in revenue in the near future. The Township will keep all expenses in line with anticipated revenues to avoid deficit spending.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lois Kenney, Clerk, Green Township, P.O. Box 14, Laings, Ohio 43752.

GREEN TOWNSHIP, MONROE COUNTY

Statement of Net Assets - Cash Basis

December 31, 2005

	Governmental Activities	Total
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 56,965	\$ 56,965
<i>Total Assets</i>	<u>\$ 56,965</u>	<u>\$ 56,965</u>
Net Assets		
Restricted for:		
Other Purposes	51,080	51,080
Unrestricted	<u>5,885</u>	<u>5,885</u>
<i>Total Net Assets</i>	<u>\$ 56,965</u>	<u>\$ 56,965</u>

See accompanying notes to the basic financial statements

GREEN TOWNSHIP, MONROE COUNTY

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2005*

	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Operating Grants and Contributions	Governmental Activities	Total
Governmental Activities				
General Government	\$ 19,551	-	\$ (19,551)	\$ (19,551)
Public Safety	1,117	-	(1,117)	(1,117)
Public Works	221,273	\$ 91,272	(130,001)	(130,001)
Human Services	50	-	(50)	(50)
Conservation-Recreation	3,499	-	(3,499)	(3,499)
Capital Outlay	17,000	-	(17,000)	(17,000)
<i>Total Governmental Activities</i>	<u>262,490</u>	<u>91,272</u>	<u>(171,218)</u>	<u>(171,218)</u>
Total	<u>\$ 262,490</u>	<u>\$ 91,272</u>	<u>(171,218)</u>	<u>(171,218)</u>
General Receipts				
Property and Other Taxes			15,182	15,182
Grants and Entitlements not Restricted to Specific Programs			139,831	139,831
Interest			346	346
Miscellaneous			839	839
<i>Total General Receipts</i>			<u>156,198</u>	<u>156,198</u>
Change in Net Assets			(15,020)	(15,020)
<i>Net Assets Beginning of Year</i>			<u>71,985</u>	<u>71,985</u>
<i>Net Assets End of Year</i>			<u>\$ 56,965</u>	<u>\$ 56,965</u>

See accompanying notes to the basic financial statements

GREEN TOWNSHIP, MONROE COUNTY

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2005

	<u>General</u>	<u>Gasoline Tax</u>	<u>Miscellaneous Special Revenue 1507</u>	<u>Miscellaneous Special Revenue 1580</u>	<u>Motor Vehicle License Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 5,885	\$ 31,107	\$ 7,929	\$ 1,465	\$ 8,452	\$ 2,127	\$ 56,965
<i>Total Assets</i>	<u>\$ 5,885</u>	<u>\$ 31,107</u>	<u>\$ 7,929</u>	<u>\$ 1,465</u>	<u>\$ 8,452</u>	<u>\$ 2,127</u>	<u>\$ 56,965</u>
Fund Balances							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	\$ 5,885	-	-	-	-	-	\$ 5,885
Special Revenue Funds	-	\$ 31,107	\$ 7,929	\$ 1,465	\$ 8,452	\$ 2,127	\$ 51,080
<i>Total Fund Balances</i>	<u>\$ 5,885</u>	<u>\$ 31,107</u>	<u>\$ 7,929</u>	<u>\$ 1,465</u>	<u>\$ 8,452</u>	<u>\$ 2,127</u>	<u>\$ 56,965</u>

See accompanying notes to the basic financial statements

GREEN TOWNSHIP, MONROE COUNTY

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances

Governmental Funds

For the Year Ended December 31, 2005

	General	Gasoline Tax	Miscellaneous Special Revenue 1507	Miscellaneous Special Revenue 1580	Motor Vehicle License Tax	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 10,350	-	-	-	-	\$ 4,832	\$ 15,182
Intergovernmental	9,503	\$ 77,233	\$ 91,573	38,082	14,039	674	231,104
Interest	208	100	-	-	38	-	346
Miscellaneous	289	373	-	-	-	177	839
<i>Total Receipts</i>	<u>20,350</u>	<u>77,706</u>	<u>91,573</u>	<u>38,082</u>	<u>14,077</u>	<u>5,683</u>	<u>247,471</u>
Disbursements							
Current:							
General Government	18,005	-	-	-	-	1,547	19,552
Public Safety	180	-	-	-	-	937	1,117
Public Works	-	79,500	83,644	36,617	12,506	9,006	221,273
Human Services	50	-	-	-	-	-	50
Conservation-Recreation	3,499	-	-	-	-	-	3,499
Capital Outlay	-	-	-	-	-	17,000	17,000
<i>Total Disbursements</i>	<u>21,734</u>	<u>79,500</u>	<u>83,644</u>	<u>36,617</u>	<u>12,506</u>	<u>28,490</u>	<u>262,491</u>
<i>Net Change in Fund Balances</i>	(1,384)	(1,794)	7,929	1,465	1,571	(22,807)	(15,020)
<i>Fund Balances Beginning of Year</i>	<u>7,269</u>	<u>32,901</u>	<u>-</u>	<u>-</u>	<u>6,881</u>	<u>24,934</u>	<u>71,985</u>
<i>Fund Balances End of Year</i>	<u>\$ 5,885</u>	<u>\$ 31,107</u>	<u>\$ 7,929</u>	<u>\$ 1,465</u>	<u>\$ 8,452</u>	<u>\$ 2,127</u>	<u>\$ 56,965</u>

See accompanying notes to the basic financial statements

GREEN TOWNSHIP, MONROE COUNTY
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 General Fund
 For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 11,228	\$ 11,228	\$ 10,350	\$ (878)
Intergovernmental	7,529	7,529	9,503	1,974
Interest	99	99	208	109
Miscellaneous	1	1	289	288
<i>Total receipts</i>	<u>18,857</u>	<u>18,857</u>	<u>20,350</u>	<u>1,493</u>
Disbursements				
Current:				
General Government	22,397	22,397	18,005	4,392
Public Safety	180	180	180	-
Human Services	50	50	50	-
Conservation/Recreation	3,499	3,499	3,499	-
<i>Total Disbursements</i>	<u>26,126</u>	<u>26,126</u>	<u>21,734</u>	<u>4,392</u>
<i>Net Change in Fund Balance</i>	(7,269)	(7,269)	(1,384)	5,885
<i>Fund Balance Beginning of Year</i>	<u>7,269</u>	<u>7,269</u>	<u>7,269</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,885</u>	<u>\$ 5,885</u>

See accompanying notes to the basic financial statements

GREEN TOWNSHIP, MONROE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 64,900	\$ 64,900	\$ 77,233	\$ 12,333
Interest	100	100	100	-
Miscellaneous	-	-	373	373
<i>Total receipts</i>	<u>65,000</u>	<u>65,000</u>	<u>77,706</u>	<u>12,706</u>
Disbursements				
Current:				
Public Works	97,901	97,901	79,500	18,401
<i>Total Disbursements</i>	<u>97,901</u>	<u>97,901</u>	<u>79,500</u>	<u>18,401</u>
<i>Net Change in Fund Balance</i>	(32,901)	(32,901)	(1,794)	31,107
<i>Fund Balance Beginning of Year</i>	<u>32,901</u>	<u>32,901</u>	<u>32,901</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,107</u>	<u>\$ 31,107</u>

See accompanying notes to the basic financial statements

GREEN TOWNSHIP, MONROE COUNTY
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Miscellaneous Special Revenue 1507 Fund
 For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 78,923	\$ 91,573	\$ 91,573	-
<i>Total receipts</i>	<u>78,923</u>	<u>91,573</u>	<u>91,573</u>	<u>-</u>
Disbursements				
Current:				
General Government	3,544	3,544	-	\$ 3,544
Public Works	<u>75,379</u>	<u>88,029</u>	<u>83,644</u>	<u>4,385</u>
<i>Total Disbursements</i>	<u>78,923</u>	<u>91,573</u>	<u>83,644</u>	<u>7,929</u>
<i>Net Change in Fund Balance</i>	-	-	7,929	7,929
<i>Fund Balance Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,929</u>	<u>\$ 7,929</u>

See accompanying notes to the basic financial statements

GREEN TOWNSHIP, MONROE COUNTY
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Miscellaneous Special Revenue 1580 Fund
 For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 38,082	\$ 38,082	\$ 38,082	-
<i>Total receipts</i>	<u>38,082</u>	<u>38,082</u>	<u>38,082</u>	<u>-</u>
Disbursements				
Current:				
Public Works	38,082	38,082	36,617	1,465
<i>Total Disbursements</i>	<u>38,082</u>	<u>38,082</u>	<u>36,617</u>	<u>1,465</u>
<i>Net Change in Fund Balance</i>	-	-	1,465	1,465
<i>Fund Balance Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,465</u>	<u>\$ 1,465</u>

See accompanying notes to the basic financial statements

GREEN TOWNSHIP, MONROE COUNTY
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Motor Vehicle License Tax Fund
 For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 14,400	\$ 14,400	\$ 14,039	\$ (361)
Interest	100	100	38	(62)
<i>Total receipts</i>	<u>14,500</u>	<u>14,500</u>	<u>14,077</u>	<u>(423)</u>
Disbursements				
Current:				
Public Works	<u>21,381</u>	<u>21,381</u>	<u>12,506</u>	<u>8,875</u>
<i>Total Disbursements</i>	<u>21,381</u>	<u>21,381</u>	<u>12,506</u>	<u>8,875</u>
<i>Net Change in Fund Balance</i>	(6,881)	(6,881)	1,571	8,452
<i>Fund Balance Beginning of Year</i>	<u>6,881</u>	<u>6,881</u>	<u>6,881</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,452</u>	<u>\$ 8,452</u>

See accompanying notes to the basic financial statements

Green Township, Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 1 – Reporting Entity

Green Township, Monroe County, Ohio (the Township), is a body politic and corporate 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 also has an elected Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, including road and bridge maintenance. The Township contracts with the Clarington Volunteer Fire Department, Antioch Volunteer Fire Department, and Sardis Volunteer Fire Department to provide fire and emergency services.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2 C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited

Green Township, Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2005

exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are included in one category, governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Miscellaneous Special Revenue 1507 Fund, Miscellaneous Special Revenue 1580 Fund and Motor Vehicle Tax Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Gasoline Tax and Motor Vehicle License Tax funds receive gasoline tax money for constructing, maintaining, and repairing Township roads and bridges. The Miscellaneous Special Revenue 1507 and Miscellaneous Special Revenue 1580 funds receive grant proceeds for the reimbursement of costs associated with the cleanup of large damage by weather events.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Green Township, Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2005

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township Board may appropriate.

The appropriation resolution is the Township Board's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Township Board. The legal level of control has been established at the object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township Board.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township Board during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2005, the Township only had demand deposits.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund, Gasoline Tax Fund and Motor Vehicle License Tax Fund during 2005 were \$208, \$100 and \$38, respectively.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township did not have any restricted assets.

Green Township, Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2005

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. The Township did not have such transactions in 2005.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. The Township had no fund balance reserves at the end of 2005.

Green Township, Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2005

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Miscellaneous Special Revenue 1507 Fund, Miscellaneous Special Revenue 1580 Fund and Motor Vehicle License Tax Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no encumbrances outstanding at year-end 2005.

Note 5 – Deposits and Investments

State statutes classify monies held by the Township into three categories.

Active deposits are public deposits necessary to meet current demands on the Township treasury. Such monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Township has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Green Township, Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2005

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial credit risk for deposits is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Township only has demand deposits. At December 31, 2005, the entire bank balance of \$89,235 was covered by the Federal Deposit Insurance Corporation.

The Township had no investments at December 31, 2005.

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Green Township, Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005, was \$3.35 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 and 2004 property tax receipts were based are as follows:

	2005
Real Property	
Residential/Agricultural	\$ 5,323,670
Other	70,420
 Tangible Personal Property	
General	19,510
Public Utilities	276,470
Total Valuation	\$ 5,690,070

Note 7 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005, the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTAMRA provides property and casualty coverage for its members. OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OTAMRA is as follows:

Legal Liability	\$ 2,000,000	Per Occurrence
Automobile Liability	2,000,000	Per Occurrence
Wrongful Acts	2,000,000	Per Occurrence
Property	1,250,000	Total Coverage

Green Township, Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2005

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

Note 8 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to all three plans for the years ended December 31, 2005, 2004, and 2003 were \$6,117, \$4,013, and \$3,719, respectively. The full amount has been contributed for 2005, 2004 and 2003.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Green Township, Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions which were used to fund postemployment benefits were \$1,529 for 2005. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 10 – Budgetary Noncompliance

The Township had the following citations for budgetary noncompliance:

- Contrary to **Ohio Rev. Code Section 5705.41(B)**, the Village had expenditures plus encumbrances which exceeded appropriations at the legal level of control.
- Contrary to **Ohio Rev. Code Section 5705.41(D)**, the Village did not certify all disbursements.

Note 11 – Contingent Liabilities

The Township may be a defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Green Township
Monroe County
P.O. Box 14
Laings, Ohio 43752

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Green Township, Monroe County, Ohio (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 31, 2006, wherein we noted that the Township uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

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, grant agreements and other matters, noncompliance with which could have a direct and material affect 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 an opinion. The results of our tests disclosed several instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2005-GTMC-001 and 2005-GTMC-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 31, 2006.

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

Charles E. Harris and Associates, Inc.
August 31, 2006

**GREEN TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE GAGAS</p>

FINDING NUMBER 2005-GTMC-001

Noncompliance Citation

Ohio Revised Code Section 5705.41 (D), requires, in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the fiscal officer of the subdivision certifying that the amount required to meet the obligation has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement state 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.

"Then and Now" Certificate – If the fiscal officer can certify that both at the time 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 resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution 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 expenditure by the Township.

Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution 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.

**GREEN TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS – (Continued)
DECEMBER 31, 2005**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE GAGAS – (Continued)**

**FINDING NUMBER 2005-GTMC-001
(Continued)**

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.

Twenty percent of transactions tested for 2005 did not include prior certification of the availability of funds by the Clerk, nor was there evidence of a “Then and Now” certificate being used. Failure to properly certify the availability of funds can result in overspending funds and negative cash balances.

We recommend the Township’s management implement procedures to gain fiscal control over expenditures. Purchase orders containing the required certification should be utilized to certify the availability of funds prior to commitments being incurred. Appropriations should then be encumbered and balances maintained of unencumbered appropriations. Additional purchase orders should be issued only after the fiscal officer determines that sufficient unencumbered appropriations exist in the amount of the requested purchase.

The Clerk will review budgetary requirements, including purchasing.

FINDING NUMBER 2005-GTMC-002

Ohio Rev. Code Section 5705.41(B) requires no subdivision or taxing authority to expend money unless it has been appropriated.

The Village’s legal level of control is the at the object level. We noted the following funds had expenditures that exceeded appropriations at the legal level of control at December 31, 2005:

Fund	Function	Object Level	Approved Appropriations	Expenditures	Variance
General Fund	Administrative	OPERS	\$ 1,500	\$ 1,782	\$ (282)
Special Revenue					
Gasoline Tax Fund	Highways	OPERS	3,500	4,335	(835)
		Contract Services	8,000	14,469	(6,469)

**GREEN TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS – (Continued)
DECEMBER 31, 2005**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE GAGAS – (Continued)</p>

**FINDING NUMBER 2005-GTMC-002
(Continued)**

We recommend that the Trustees and Clerk compare expenditures to appropriations periodically. If additional appropriations are needed, then the Trustees and the Clerk should take the necessary steps to adopt supplemental appropriations, if possible to prevent expenditures from exceeding appropriations.

The Township will compare appropriations and disbursements monthly.

GREEN TOWNSHIP
MONROE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2004-GTMC-001	Contrary to Ohio Revised Code Section 5705.41(D)(1), the Township did not certify all disbursements.	No	Repeated as finding number 2005-GTMC-001.
2004-GTMC-002	Contrary to Ohio Revised Code Section 5705.39, the Township had appropriations over estimated resources.	Yes	Finding no longer valid.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

GREEN TOWNSHIP

MONROE 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 7, 2006**