

**GREEN TOWNSHIP**  
***ASHLAND COUNTY, OHIO***

**AUDIT REPORT**

**For the Year Ended December 31, 2007**

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





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Green Township  
2822 Township Road 749  
Loudonville, Ohio 44842

We have reviewed the *Report of Independent Accountants* of Green Township, Ashland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Green Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 14, 2009

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**Green Township, Ashland County**  
Audit Report  
For the year ended December 31, 2007

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Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

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

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Green Township  
Ashland County  
2822 Twp. Rd. 749  
Loudonville, OH 44842

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Green Township, Ashland County, Ohio, (the Township), as of and for the year ended December 31, 2007, 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 whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the modified 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 financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund and the aggregate remaining information of Green Township, Ashland County as of December 31, 2007, and the respective changes in modified cash basis financial position and the budgetary comparison for the General Fund, Gasoline Fund, Road and Bridge Fund, and Special Levy Fund for the year then ended in conformity with the accounting basis Note 2 describes.

Management's Discussion and Analysis 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 on inquires 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 a report dated June 22, 2009 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

***Charles E. Harris & Associates, Inc.***

June 22, 2009



Green Township, Ashland County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

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This discussion and analysis of Green Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007, within the limitations of the Township's modified 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 2007 are as follows:

Net assets of governmental activities decreased \$2,771, or 1.0 percent, a minimal change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the Fire Station Bond Retirement Fund, which realized the greatest burden of increased costs in 2007; however, cost increases affected most funds.

The Township's general receipts are primarily property taxes. These receipts represent 62 percent of the total cash received for Governmental activities during the year. Property tax receipts for 2007 changed a little compared to 2006 as development within the Township has slowed.

The Township will no longer be receiving monies from the Green-Perrysville Fire Levy due to a Joint Fire District being formed.

### **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 modified 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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Green Township, Ashland County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

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As a result of using the modified 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 within this report, the reader must keep in mind the limitations resulting from the use of the modified 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 2007, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments at year end. The statement of activities compares cash disbursements with program receipts for each Governmental area. 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 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 modified 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 presents Governmental activities, which include all of the Township's services. The Township has no business-type activities.

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 only consist of Governmental Funds.

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) is combined and presented in total in a single column. The Township's major governmental funds are as follows: General Fund, Gasoline Tax Fund, Road and Bridge Fund, Green/Perrysville Fire Special Levy Fund, Fire Station Bond Retirement Fund and Dump Truck Fund. The programs reported in Governmental funds are closely related to those reported in the Governmental activities section of the entity-wide statements.

Green Township, Ashland County, Ohio  
 Management's Discussion and Analysis  
 For the Year Ended December 31, 2007  
 Unaudited

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**The Township as a Whole**

Table 1 provides a summary of the Government's net assets for 2007 compared to 2006 on a modified cash basis:

(Table 1)

**Net Assets**

	Governmental Activities	
	2007	2006
<b>Assets</b>		
Cash and Cash Equivalents	\$ 359,641	\$ 150,724
Investments	1,250	212,938
<b>Total Assets</b>	<b>\$ 360,891</b>	<b>\$ 363,662</b>
 <b>Net Assets</b>		
Restricted for:		
Debt Service	\$ 99,650	\$ 124,466
Capital Projects	55,017	55,017
Other Purposes	164,776	144,386
Unrestricted	41,448	39,793
<b>Total Net Assets</b>	<b>\$ 360,891</b>	<b>\$ 363,662</b>

As mentioned previously, net assets of governmental activities decreased \$ 2,771 or 1.0 percent during 2007. The primary reasons contributing to the decreases in cash balances are as follows:

- Decreases in the amount of revenue in zoning permits.
- Increases in salaries for employees.
- Operating Supplies increased greatly.
- Health benefit costs were \$6,500 more than in 2006.

Green Township, Ashland County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

Table 2 reflects the changes in net assets on a modified cash basis in 2007 and 2006 for the governmental activities.

(Table 2)  
**Changes in Net Assets**

	Governmental	
	Activities	
	<u>2007</u>	<u>2006</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 2,525	\$ 2,450
Operating Grants and Contributions	<u>110,730</u>	<u>98,841</u>
Total Program Receipts	<u>113,255</u>	<u>101,291</u>
General Receipts:		
Property and Other Local Taxes	245,295	262,897
Income Taxes	52,792	55,053
Grants and Entitlements Not Restricted to Specific Programs	59,306	66,060
Interest	12,272	14,481
Miscellaneous	<u>3,903</u>	<u>3,693</u>
Total General Receipts	<u>373,568</u>	<u>402,184</u>
Total Receipts	<u>486,823</u>	<u>503,475</u>
Disbursements:		
General Government	130,693	117,857
Security of Persons and Property:	74,795	265,647
Public Health Services	23,023	27,042
Public Works	198,033	-
Capital Outlay	-	38,000
Principal Retirement	45,000	40,000
Interest and Fiscal Charges	<u>18,050</u>	<u>20,870</u>
Total Disbursements	<u>489,594</u>	<u>509,416</u>
Increase (Decrease) in Net Assets	(2,771)	(5,941)
Net Assets, January 1, 2007	<u>363,662</u>	<u>369,603</u>
Net Assets, December 31, 2007	<u>\$ 360,891</u>	<u>\$ 363,662</u>

Green Township, Ashland County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

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Program receipts represent only 23 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 77 percent of the Township's total receipts, and of this amount, over 80 percent are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (16 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township. The majority of these expenses relate to costs associated with the general administrative needs of the Township, including costs associated with payroll and benefits.

Security of Persons and Property are the costs associated with fire protection and related services in the form of Special Revenue fire protection levies. Public Health Services is the health department; the upkeep and maintenance of County Line and Bethesda Cemeteries, also care of Greenlawn-Union Cemetery in the form of Special Revenue cemetery levies. Transportation is the cost of maintaining the roads. Principal Retirement and Interest and Fiscal Charges are for administrative fees and repayment of principal and interest for the Fire Station Bond Retirement Fund project (construction of the Green-Perrysville Fire District fire station approved by the voters in 1992.)

### **Governmental Activities**

If you look at the Statement of Activities on page 11, 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 major program disbursements for governmental activities are for Transportation and General Government, which account for 40 and 27 percent of all governmental disbursements, respectively. Security of Persons and Property also represents a significant cost, about 15 percent. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government 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.

Green Township, Ashland County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

(Table 3)

**Governmental Activities**

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$ 130,693	\$ (130,693)	\$ 117,857	\$ (117,857)
Security of Persons and Property	74,795	(74,795)	76,964	(76,964)
Public Health Services	23,023	(23,023)	27,042	(27,042)
Public Works	198,033	(87,303)	188,683	(89,842)
Capital Outlay	-	-	38,000	(38,000)
Principal Retirement	45,000	(45,000)	40,000	(40,000)
Interest and Fiscal Charges	18,050	(18,050)	20,870	(20,870)
Other	-	2,525	-	2,450
<b>Total Expenses</b>	<b>\$489,594</b>	<b>(\$376,339)</b>	<b>\$509,416</b>	<b>(\$408,125)</b>

The dependence upon property and income tax receipts is apparent as over 76 percent of governmental activities are supported through these general receipts.

**The Township's Funds**

Total governmental funds had receipts of \$486,823 and disbursements of \$489,594. There was a decrease in the Fire Station Bond Fund and an increase in the Road and Bridge Fund.

The total receipts were less than disbursements by \$2,771. However, the carryover balance should be sufficient to cover this loss.

**Budgeting Highlights**

The Government'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 fund is the General Fund.

During 2007, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts. Mohican Lodge Bed Tax was higher than anticipated along with receiving estate tax of \$6,898.

Final disbursements for all funds were budgeted at \$809,870 while actual disbursements were \$489,594. A significant amount of the difference is the fact there is "excess" money in the Fire Station Bond Retirement Fund as collected by the County Auditor to be held in safekeeping by the Township until needed. Additionally, the Township also has a large amount of money in the Dump Truck Fund, until this special reserve account has accumulated enough money to make the dump truck purchase.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

The Township has chosen not to report capital assets.

#### **Debt**

At December 31, 2007, the Government's outstanding debt included \$205,000 in general obligation bonds issued for the construction of the Green-Perrysville Fire District fire station building. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

### **Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

### **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 Andi Purcell, Fiscal Officer of Green Township, Ashland County, Ohio.

**Green Township, Ashland County**  
*Statement of Net Assets - Modified Cash Basis*  
*December 31, 2007*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 359,641
Investments	1,250
<i>Total Assets</i>	<b>\$ 360,891</b>
 <b>Net Assets</b>	
Restricted for:	
Capital Projects	\$ 55,017
Debt Service	99,650
Permanent Fund: Bethesda: Maintenance	
Expendable	1,754
Nonexpendable	900
Permanent Fund: County Line: Maintenance	
Expendable	656
Nonexpendable	250
Other Purposes	161,216
Unrestricted	41,448
<i>Total Net Assets</i>	<b>\$ 360,891</b>

See accompanying notes to the basic financial statements



**Green Township, Ashland County**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2007*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$ 130,693	-	-	\$ (130,693)
Public Safety	74,795	-	-	(74,795)
Public Works	198,033	-	\$ 110,730	(87,303)
Health	23,023	-	-	(23,023)
Other	-	\$ 2,525	-	2,525
Debt Service				
Principal Retirement	45,000	-	-	(45,000)
Interest and Fiscal Charges	18,050	-	-	(18,050)
<i>Total Governmental Activities</i>	<u>\$ 489,594</u>	<u>\$ 2,525</u>	<u>\$ 110,730</u>	<u>(376,339)</u>
<b>General Receipts</b>				
Property Taxes and Other Taxes				245,295
Other Taxes				52,792
Grants and Entitlements not Restricted to Specific Programs				59,306
Interest				12,272
Miscellaneous				3,903
<i>Total General Receipts</i>				<u>373,568</u>
Change in Net Assets				(2,771)
<i>Net Assets Beginning of Year</i>				<u>363,662</u>
<i>Net Assets End of Year</i>				<u>\$ 360,891</u>

See accompanying notes to the basic financial statements

**Green Township, Ashland County**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
 Governmental Funds  
 December 31, 2007

	General	Gasoline Tax Fund	Road and Bridge Fund	Greenpill Special Levy	Fire station Bond Retirement	Dump Truck	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Equity in Pooled Cash and Cash Equivalents	\$ 41,448	\$ 44,544	\$ 91,718	\$ 963	\$ 99,650	\$ 55,017	\$ 26,301	\$ 359,641
Investments	-	-	-	-	-	-	1,250	1,250
<i>Total Assets</i>	<u>\$ 41,448</u>	<u>\$ 44,544</u>	<u>\$ 91,718</u>	<u>\$ 963</u>	<u>\$ 99,650</u>	<u>\$ 55,017</u>	<u>\$ 27,551</u>	<u>\$ 360,891</u>
<b>Fund Balances</b>								
Reserved:								
Reserved for Encumbrances	\$ 1,115	\$ -	\$ 118	\$ -	\$ -	\$ -	\$ -	\$ 1,233
Unreserved:								
Undesignated (Deficit), Reported in:								
General Fund	\$ 40,333	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,333
Special Revenue Funds	-	44,544	91,600	963	-	-	23,991	161,098
Debt Service Fund	-	-	-	-	99,650	-	-	99,650
Capital Projects Funds	-	-	-	-	-	55,017	-	55,017
Permanent Fund	-	-	-	-	-	-	3,560	3,560
<i>Total Fund Balances</i>	<u>\$ 41,448</u>	<u>\$ 44,544</u>	<u>\$ 91,718</u>	<u>\$ 963</u>	<u>\$ 99,650</u>	<u>\$ 55,017</u>	<u>\$ 27,551</u>	<u>\$ 360,891</u>

See accompanying notes to the basic financial statements

**Green Township, Ashland County**  
*Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances*  
 Governmental Funds  
 For the Year Ended December 31, 2007

	General	Gasoline Tax Fund	Road and Bridge Fund	Green/Perrysville Special Levy	Fire station Bond Retirement	Dump Truck	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>								
Property and Other Local Taxes	\$ 81,288	\$ -	\$ 91,366	\$ 70,675	\$ 34,969	\$ -	\$ 19,789	\$ 298,087
Licenses, Permits and Fees	2,525	-	-	-	-	-	-	2,525
Intergovernmental	35,145	97,859	10,860	3,943	3,265	-	18,964	170,036
Interest	11,719	341	-	-	-	-	212	12,272
Miscellaneous	3,294	-	-	-	-	-	609	3,903
<i>Total Receipts</i>	<u>133,971</u>	<u>98,200</u>	<u>102,226</u>	<u>74,618</u>	<u>38,234</u>	<u>-</u>	<u>39,574</u>	<u>486,823</u>
<b>Disbursements</b>								
Current:								
General Government	130,693	-	-	-	-	-	-	130,693
Public Safety	-	-	-	74,795	-	-	-	74,795
Public Works	-	97,651	80,697	-	-	-	19,685	198,033
Health	1,623	-	-	-	-	-	21,400	23,023
Debt Service:								
Principal Retirement	-	-	-	-	45,000	-	-	45,000
Interest and Fiscal Charges	-	-	-	-	18,050	-	-	18,050
<i>Total Disbursements</i>	<u>132,316</u>	<u>97,651</u>	<u>80,697</u>	<u>74,795</u>	<u>63,050</u>	<u>-</u>	<u>41,085</u>	<u>489,594</u>
<i>Net Change in Fund Balances</i>	1,655	549	21,529	(177)	(24,816)	-	(1,511)	(2,771)
<i>Fund Balances Beginning of Year</i>	<u>39,793</u>	<u>43,995</u>	<u>70,189</u>	<u>1,140</u>	<u>124,466</u>	<u>55,017</u>	<u>29,062</u>	<u>363,662</u>
<i>Fund Balances End of Year</i>	<u>\$ 41,448</u>	<u>\$ 44,544</u>	<u>\$ 91,718</u>	<u>\$ 963</u>	<u>\$ 99,650</u>	<u>\$ 55,017</u>	<u>\$ 27,551</u>	<u>\$ 360,891</u>

See accompanying notes to the basic financial statements

**Green Township, Ashland County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 76,329	\$ 76,329	\$ 81,288	\$ 4,959
Licenses, Permits and Fees	2,800	2,800	2,525	(275)
Intergovernmental	28,468	28,468	35,145	6,677
Interest	10,000	10,000	11,719	1,719
Other	-	-	3,294	3,294
<i>Total receipts</i>	<u>117,597</u>	<u>117,597</u>	<u>133,971</u>	<u>16,374</u>
<b>Disbursements</b>				
Current:				
General Government	143,171	147,171	131,807	15,364
Public Safety	3,000	3,000	-	3,000
Public Works	19,795	15,795	-	15,795
Health	1,800	1,800	1,624	176
Capital Outlay	1,000	1,000	-	1,000
<i>Total Disbursements</i>	<u>168,766</u>	<u>168,766</u>	<u>133,431</u>	<u>35,335</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(51,169)	(51,169)	540	51,709
<b>Other Financing Sources (Uses)</b>				
Sale of Fixed Assets	30	-	-	-
Other Financing Sources	-	30	-	(30)
<i>Total Other Financing Sources (Uses)</i>	<u>30</u>	<u>30</u>	<u>-</u>	<u>(30)</u>
<i>Net Change in Fund Balance</i>	(51,139)	(51,139)	540	51,679
<i>Fund Balance Beginning of Year</i>	39,136	39,136	39,136	-
Prior Year Encumbrances Appropriated	657	657	657	-
<i>Fund Balance End of Year</i>	<u>\$ (11,346)</u>	<u>\$ (11,346)</u>	<u>\$ 40,333</u>	<u>\$ 51,679</u>

See accompanying notes to the basic financial statements

**Green Township, Ashland County**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Gasoline Tax Fund  
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$ 79,929	\$ 79,929	\$ 97,859	17,930
Interest	200	200	341	141
<i>Total receipts</i>	<u>80,129</u>	<u>80,129</u>	<u>98,200</u>	<u>18,071</u>
<b>Disbursements</b>				
Current:				
Public Works	124,100	124,100	97,651	26,449
<i>Total Disbursements</i>	<u>124,100</u>	<u>124,100</u>	<u>97,651</u>	<u>26,449</u>
<i>Net Change in Fund Balance</i>	(43,971)	(43,971)	549	44,520
<i>Fund Balance Beginning of Year</i>	43,955	43,955	43,955	-
Prior Year Encumbrances Appropriated	40	40	40	-
<i>Fund Balance End of Year</i>	<u>\$ 24</u>	<u>\$ 24</u>	<u>\$ 44,544</u>	<u>\$ 44,520</u>

See accompanying notes to the basic financial statements

**Green Township, Ashland County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Road and Bridge Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 85,462	\$ 85,462	\$ 91,366	\$ 5,904
Intergovernmental	7,968	7,968	10,860	2,892
<i>Total receipts</i>	<u>93,430</u>	<u>93,430</u>	<u>102,226</u>	<u>8,796</u>
<b>Disbursements</b>				
Current:				
Public Works	141,619	141,619	80,815	60,804
Capital Outlay	2,000	2,000	-	2,000
<i>Total Disbursements</i>	<u>143,619</u>	<u>143,619</u>	<u>80,815</u>	<u>62,804</u>
<i>Net Change in Fund Balance</i>	(50,189)	(50,189)	21,411	71,600
<i>Fund Balance Beginning of Year</i>	70,031	70,031	70,031	-
Prior Year Encumbrances Appropriated	158	158	158	-
<i>Fund Balance End of Year</i>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 91,600</u>	<u>\$ 71,600</u>

See accompanying notes to the basic financial statements

**Green Township, Ashland County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Special Levy Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 68,630	\$ 71,004	\$ 70,675	\$ (329)
Intergovernmental	3,791	3,791	3,943	152
<i>Total receipts</i>	<u>72,421</u>	<u>74,795</u>	<u>74,618</u>	<u>(177)</u>
<b>Disbursements</b>				
Current:				
Public Safety	73,561	75,935	74,795	1,140
<i>Total Disbursements</i>	<u>73,561</u>	<u>75,935</u>	<u>74,795</u>	<u>1,140</u>
<i>Net Change in Fund Balance</i>	(1,140)	(1,140)	(177)	963
<i>Fund Balance Beginning of Year</i>	-	-	-	-
Prior Year Encumbrances Appropriated	1,140	1,140	1,140	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 963</u>	<u>\$ 963</u>

See accompanying notes to the basic financial statements

Green Township  
Ashland County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 1 – Reporting Entity**

The Green Township, Ashland County, Ohio (the Township), is a body politic and corporate 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 Township Fiscal Officer.

The reporting entity is comprised of the primary government.

**A. Primary Government**

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, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Village of Perrysville and the Village of Loudonville for fire protection. Police protection is provided by the Ashland County Sheriff.

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a *modified* cash basis of accounting. This *modified* 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 *modified* cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, 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 *modified* cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its government-wide statements. 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.



Green Township  
Ashland County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 2 – Summary of Significant Accounting Policies** (continued)

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. All activities of the Township are Governmental activities. 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 does not currently have any business-type activities.

The Statement of Net Assets presents the cash and investment balances 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a *modified* 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. All of the Township's funds are categorized as 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, Road and Bridge Fund, Green/Perrysville Fire Special Levy Fund, Fire Station Bond Retirement Fund, and Dump Truck 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 other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

**Note 2 – Summary of Significant Accounting Policies** (continued)

**C. Basis of Accounting**

The Township's financial statements are prepared using the *modified* 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 *modified* 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 liabilities and the related expenses) are not recorded in these financial statements.

**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 may appropriate.

The appropriation resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. 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 Fiscal Officer. 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.

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 during the year.

**E. Cash and Investments**

Township records identify the purchase of specific investments by specific funds.

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 with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

**Note 2 – Summary of Significant Accounting Policies** (continued)

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, respectively.

During 2007, the Township invested in nonnegotiable certificates of deposit, U.S. Treasury Bills and STAR Ohio. The nonnegotiable certificates of deposit and the U.S. Treasury Bills are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 were \$11,719 which includes \$11,186 assigned from other Township funds.

**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.

**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. 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 *modified* cash basis of accounting.

**J. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. Long-Term Obligations**

The Township's *modified* 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.

**Note 2 – Summary of Significant Accounting Policies** (continued)

**L. 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.

**M. 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. Fund balance reserves have been established for encumbrances.

**N. 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. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – 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 major funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the *modified* cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (*modified* cash basis). The encumbrances outstanding at year end amounted to \$1,115 for the general fund and \$118 for the Road & Bridge Fund.

**Note 4 – Deposits and Investments**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active 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 Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of 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.

Green Township  
Ashland County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 4 - Deposits and Investments** (continued)

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills
2. Certificates of deposit
3. 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.

At year end, the Township did not have undeposited cash on hand.

Deposits

Custodial credit risk 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. At year end, \$87,856 of the Township's bank balance of \$187,856 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2007, the Township had the following investments:

	Carrying Value	Maturity
U.S. Treasury Bill	\$ 500	07/28/08
STAR Ohio	85,102	Average
Total Portfolio	\$ 85,602	

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The Treasury bill is rated AAA.

Green Township  
Ashland County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 4 - Deposits and Investments** (continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**Note 5 – 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 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, 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.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, 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 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently being phased over the next 3 years. 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, 2007, was \$5.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$ 82,673,210
Other	10,451,830
Tangible Personal Property	18,269,140
Public Utility	5,024,819
Total Assessed Value	<u>\$ 116,418,999</u>

Green Township  
Ashland County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 6 – 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 2007, the Township contracted with one insurance company for insurance coverage. Coverage provided is as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Whitaker Myers Insurance Company	Commercial Property	\$ 1,135,655
	General Liability	2,000,000
	Commercial Crime	5,000
	Inland Marine	199,477
	Vehicle	132,815
	Public Officials	2,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Township has a policy whereby elected officials and employees can be reimbursed for privately obtained health insurance for themselves and their immediate family members. A copy of this entire policy is on file with the Township Fiscal Officer.

**Note 7 – Defined Benefit Pension Plan**

**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, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

Green Township  
Ashland County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 7 – Defined Benefit Pension Plan (continued)**

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$15,779, \$15,243 and \$14,983 respectively. The full amount has been contributed for 2007, 2006 and 2005.

**Note 8 - 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 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5 percent of covered payroll was the portion that was used to fund health care.

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, 2006, 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 6.30 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 369,214. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$4,551. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 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 9 – Debt**

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
1992 Issue (\$580,000)	7%	\$ 250,000	\$ 0	\$ 45,000	\$ 205,000	\$ 45,000



Green Township  
Ashland County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 9 – Debt (continued)**

The general obligation bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The following is a summary of the Township's future annual debt service requirements:

Year	G.O. Bonds	
	Principal	Interest
2008	\$ 45,000	\$14,350
2009	50,000	11,200
2010	55,000	7,700
2011	55,000	3,850
Totals	<u>\$205,000</u>	<u>\$37,100</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

**Note 10 – Interfund Transfers**

During 2007 the Township did not make any Interfund Transfers.

**Note 11 – Contingent Liabilities**

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. 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.

**Note 12 – Related Organizations**

Green Township has one Trustee designated as a board member for the Greenlawn-Union Cemetery. The Township is not financially accountable to this cemetery board, other than serving as the taxing authority for the purpose of placing operating/maintenance levies on the ballot for voter consideration.

**Note 13 – Legal Compliances**

Contrary to Ohio Revised Code Section 5705.41 (D), no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The Township did not always certify funds.

Contrary to Ohio Revised Code Section 5705.36(A)(4), the Township had several funds' actual receipts lower than estimated receipts, where the deficiency reduced the estimated resources below the level of appropriations in those funds.

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

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

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Green Township  
Ashland County  
2822 Twp. Rd. 749  
Loudonville, OH 44842

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major and the aggregate remaining fund information of Green Township, Ashland County Ohio (the Township) as of and for the year ended December 31, 2007 and have issued our report thereon dated June 22, 2009, wherein we noted the Township followed the modified cash basis of accounting rather than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Controls Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with modified cash basis of accounting such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs, item 2007-002, to be a significant deficiency in internal control over financial reporting.

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

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

### **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, grants agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2007-001 and 2007-002.

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

We noted certain matters that we have reported to management of the Township in a separate letter dated June 22, 2009.

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

***Charles E. Harris & Associates, Inc.***  
June 22, 2009

GREEN TOWNSHIP  
 ASHLAND COUNTY, OHIO  
 SCHEDULE OF FINDINGS  
 DECEMBER 31, 2007

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

**Finding Number:** 2007-001 – Noncompliance Citation

Ohio Revised Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. Ohio Revised Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

In 2007, the Township had estimated receipts greater than actual receipts in the following funds to the extent by which the shortage of actual compared to estimated receipts reduced the total estimated resources to an amount lower than the appropriations.

2007			
Fund	Estimated Receipts	Actual Receipts	Variance
Special Revenue-Motor Vehicle License Tax	\$ 14,066	\$ 13,896	\$ (170)
Special Revenue-Greenlawn Union Cemetery	20,843	20,790	(53)
Special Revenue-Green/Perrysville Fire Levy	74,795	74,618	(177)
Capital Project-Dump Truck	20,096	-	(20,096)
Permanent Funds-Bethesda Cemetery	1,024	470	(554)

Management will amend the certificate when actual receipts are lower than the estimates.

**Finding Number:** 2007-002 Noncompliance Citation and Material Weakness

**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.

GREEN TOWNSHIP  
ASHLAND COUNTY, OHIO  
SCHEDULE OF FINDINGS – (CONTINUED)  
DECEMBER 31, 2007

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (CONTINUED)

**Finding Number:** 2007-002 Noncompliance Citation and Material Weakness- (Continued)

1. “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.

2. 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.
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 items appropriation.

The Township did not certify the availability of funds for 10 of 30 non-payroll expenditures tested for the year. Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances.

To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify the availability of funds for all commitments. The Township should consider the use of blanket purchase orders and “then and now” certificates to assist in complying with the above requirement.

The Fiscal Officer will comply.

GREEN TOWNSHIP  
ASHLAND COUNTY, OHIO  
DECEMBER 31, 2007

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
<b>2006-001</b>	<b>Ohio Rev. Code Section 5705.38, failure to obtain board approval for appropriation amendments.</b>	<b>Yes</b>	<b>Finding No Longer Valid</b>



**Mary Taylor, CPA**  
Auditor of State

**GREEN TOWNSHIP**

**ASHLAND COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 27, 2009**