

GREEN TOWNSHIP

CLARK COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010



Dave Yost • Auditor of State

Board of Trustees
Green Township
5730 Springfield Jamestown Road
Springfield, Ohio 45502

We have reviewed the *Independent Auditors' Report* of Green Township, Clark County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2010 through December 31, 2011. 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.

Finding for Recovery

Ohio Rev. Code Section 505.24 and 507.09, provide that a township trustees and fiscal officer's compensations vary with the township budget. The term "budget " as used in [R.C. 505.24](#) for purposes of determining the authorized compensation of township trustees, is based upon the official certificate of estimated resources, and any amended official certificates, received from the county budget commission. (1979 Op. Att'y Gen. No. 79-006). Per the Ohio Township Handbook, budget, therefore must be interpreted as the amount of money that the budget commission certifies that the trustees of a township would have available for expenditures during the fiscal year, as shown on its latest amended official certificate of estimated resources.

The Trustees and Fiscal Officer's compensation in 2011 was noted as being paid on the budget range of \$1,500,001 – \$3,500,000, while the official certificate of estimated resources fell within the budget range of \$750,001 – \$1,500,000. This resulted in the overpayment of each trustee by \$722 and the fiscal officer by \$2,290.

Compensation in 2010 was noted as being paid on the budget range of \$750,001 - \$1,500,000, while the official certificate of estimated resources fell within the \$1,500,001 - \$3,500,000 range. This resulted in the Trustees and Fiscal Officer being underpaid by \$308 and \$539, respectively.

The net effect for both years resulted in an overpayment of \$414, for each Trustee, and \$1,751, for the Fiscal Officer for the audit period.

	<u>Trustees</u>	<u>Fiscal Officer</u>
2010 Per Ohio Rev. Code	11,318	19,806
Actual Paid	<u>11,010</u>	<u>19,267</u>
Underpaid 2010	308	539
2011 Per Ohio Rev. Code	10,288	16,977
Actual Paid	<u>11,010</u>	<u>19,267</u>
Over Paid 2011	(722)	(2,290)
2010 underpaid (from above)	<u>308</u>	<u>539</u>
Net Overpayment	<u>(414)</u>	<u>(1,751)</u>

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public monies illegally expended is hereby issued against Allen Armstrong, Trustee; John Maurer, Trustee; and Tom Waddle, Trustee; each in the amount of \$414, in favor of the Green Township General Fund. Additionally, a Finding for Recovery for public monies illegally expended is hereby issued against Sharon Waddle, Fiscal Officer, in the amount of \$1,751, in favor of the Green Township General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att’y Gen. No. 80-074.

Sharon Waddle, fiscal officer, signed the payroll checks resulting in improper payments. Sharon Waddle, Fiscal Officer, and her bonding company, Travelers Casualty and Surety Company of America, will be jointly and severally liable in the amount of \$1,242 and in favor of the Green Township General Fund to the extent that recovery is not obtained from Allen Armstrong, John Maurer, and Tom Waddle.

Upon notification of the error, each Trustee paid back the total overpayment of \$414 via a salary adjustment to their October 2012 pay. The Fiscal Officer entered into a “repayment agreement” and will take a salary reduction for the next four months (September 2012 thru December 2012) in equal installments of \$437.75. ($\$437.75 \times 4 = \$1,751$).

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

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

Dave Yost
Auditor of State

October 11, 2012

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**GREEN TOWNSHIP
CLARK COUNTY**

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Manning & Associates

Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

INDEPENDENT AUDITORS' REPORT

Green Township
Clark County
5730 Springfield Jamestown Rd.
Springfield, Ohio 45502-9414

To the Board of Trustees:

We have audited the accompanying financial statements of Green Township, Clark County, (the Township), as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011 and 2010 for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Green Township, Clark County, Ohio, as of December 31, 2011 and 2010, and its combined cash receipts, disbursements, and encumbrances for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 Green Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2012, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 22, 2012

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**GREEN TOWNSHIP
CLARK COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Permanet	
Cash Receipts:				
Property and Other Local Taxes	\$ 12,468	\$ 419,565	\$ 0	\$ 432,033
Changes for Services	0	43,267	0	43,267
Licenses, Permits and Fees	0	725	0	725
Intergovernmental Receipts	92,535	185,213	0	277,748
Earnings on Investments	1,137	20	394	1,551
Miscellaneous	109	5,474	0	5,583
Total Cash Receipts	106,249	654,264	394	760,907
Cash Disbursements:				
Current:				
General Government	60,941	0	0	60,941
Public Safety	0	269,844	0	269,844
Public Works	199	192,655	0	192,854
Health	8,750	500	0	9,250
Capital Outlay	0	264,821	0	264,821
Debt Service:				
Redemption of Principal	0	35,852	0	35,852
Interest and Other Fiscal Charges	0	14,699	0	14,699
Total Cash Disbursements	69,890	778,371	0	848,261
Total Receipts Over/(Under) Disbursements	36,359	(124,107)	394	(87,354)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	36,359	(124,107)	394	(87,354)
Fund Cash Balances, January 1	140,836	708,104	3,337	852,277
Fund Cash Balances, December 31				
Nonspendable	0	0	2,909	2,909
Restricted	0	583,997	822	584,819
Committed	1,095	0	0	1,095
Unassigned (Deficit)	176,100	0	0	176,100
Fund Cash Balances, December 31	\$ 177,195	\$ 583,997	\$ 3,731	\$ 764,923

The Notes to the Financial Statements are an integral part of this statement.

**GREEN TOWNSHIP
CLARK COUNTY**

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

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Permanet	
Cash Receipts:				
Property and Other Local Taxes	\$ 12,673	\$ 434,288	\$ 0	\$ 446,961
Changes for Services	0	40,974	0	40,974
Licenses, Permits and Fees	0	4,806	0	4,806
Intergovernmental Receipts	34,446	177,657	0	212,103
Earnings on Investments	1,533	120	0	1,653
Miscellaneous	0	1,801	0	1,801
Total Cash Receipts	<u>48,652</u>	<u>659,646</u>	<u>0</u>	<u>708,298</u>
Cash Disbursements:				
Current:				
General Government	57,922	0	0	57,922
Public Safety	0	306,340	0	306,340
Public Works	16,400	273,900	0	290,300
Health	9,150	2,185	0	11,335
Capital Outlay	11,872	148,716	0	160,588
Debt Service:				
Redemption of Principal	0	29,064	0	29,064
Interest and Other Fiscal Charges	0	10,936	0	10,936
Total Cash Disbursements	<u>95,344</u>	<u>771,141</u>	<u>0</u>	<u>866,485</u>
Total Receipts Over/(Under) Disbursements	<u>(46,692)</u>	<u>(111,495)</u>	<u>0</u>	<u>(158,187)</u>
Other Financing Receipts/Disbursements				
Sale of Bonds	0	110,000	0	110,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(46,692)</u>	<u>(1,495)</u>	<u>0</u>	<u>(48,187)</u>
Fund Cash Balances, January 1	<u>187,528</u>	<u>709,599</u>	<u>3,337</u>	<u>900,464</u>
Fund Cash Balances, December 31	<u>\$ 140,836</u>	<u>\$ 708,104</u>	<u>\$ 3,337</u>	<u>\$ 852,277</u>
Reserve for Encumbrances, December 31	<u>\$ 731</u>	<u>\$ 64,609</u>	<u>\$ 0</u>	<u>\$ 65,340</u>

The Notes to the Financial Statements are an integral part of this statement.

**GREEN TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Green Township of Clark County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township also has an elected Township Fiscal Officer. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, fire protection, and emergency medical services.

The Township participates in one jointly governed organization and the Ohio Township Association Risk Management Authority. Notes 6 and 8 to the financial statement provides additional information to these entities.

Jointly Governed Organizations:

The Township and Mad River Township united in 2002 to provide firefighting services to those areas of Green and Mad River Townships formerly served by Hustead Fire and EMS Departments.

Public Entity Risk Pool:

The Township participates in the Ohio Township Association Risk Management Authority public entity risk pool.

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

B. Basis of Accounting

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

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

**GREEN TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

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

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

General Fund:

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

Special Revenue Funds:

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

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

Road and Bridge Fund – This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Fire District Fund – This fund receives revenue allocated from property taxes, which is utilized to maintain a Township Fire Department.

Fire District #2 Fund – This fund receives revenue allocated from property taxes, which is utilized to maintain a Township Fire Department.

Emergency Medical Services Fund – This fund receives property taxes and other revenues, which are utilized to provide public emergency care.

Ambulance and Emergency Medical Services Fund – This fund receives property taxes and other revenues, which are utilized to provide services at the joint fire house.

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

**CLARK TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting, (continued)

Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant permanent fund.

Cemetery Bequest Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and grave upkeep.

E. Budgetary Process

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

Appropriations

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

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**GREEN TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

For 2011, Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**GREEN TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance , (continued)

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant and Equipment

The Township records disbursements for acquisitions of property, plant and equipment when paid. These accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>2011</u>	<u>2010</u>
Demand Deposits	\$ 761,560	\$848,923
Savings Account	<u>3,363</u>	<u>3,354</u>
Total	<u>\$ 764,923</u>	<u>\$852,277</u>

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

**GREEN TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2011 was as follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 43,549	\$ 106,249	\$ 62,700
Special Revenue	579,255	654,264	75,009
Permanent	0	394	394
Total	<u>\$ 622,804</u>	<u>\$ 760,907</u>	<u>\$ 138,103</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 118,125	\$ 69,890	\$ 48,235
Special Revenue	909,313	778,371	130,942
Permanent	0	0	0
Total	<u>\$ 1,027,438</u>	<u>\$ 848,261</u>	<u>\$ 179,177</u>

Budgetary activity for the year ending December 31, 2010 was as follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 42,441	\$ 48,652	\$ 6,211
Special Revenue	609,785	769,646	159,861
Permanent	0	0	0
Total	<u>\$ 652,226</u>	<u>\$ 818,298</u>	<u>\$ 166,072</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 101,324	\$ 96,075	\$ 5,249
Special Revenue	914,240	835,750	78,490
Permanent	0	0	0
Total	<u>\$ 1,015,564</u>	<u>\$ 931,825</u>	<u>\$ 83,739</u>

**GREEN TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

4. PROPERTY TAX

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

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

5. DEBT

Debt Outstanding at December 31, 2011, was as follows:

	<u>Principal</u>	<u>Interest</u>
Bond Anticipation Notes	\$ 296,954	3.03%
Fire Truck Bonds	96,296	4.21%
Total	\$ 393,250	

The Township issued \$500,000 in bond anticipation notes in October 2004 to finance the construction of a new Emergency Services building. The notes will be paid in yearly installments, at an interest rate of 3.85% through November 2009, rate changed to 3.03% starting December 2009, over a thirty year period, maturing in October 2024.

The Township was approved to issue \$110,000 in Fire Truck bonds in December 2009, to finance the Township's portion of the joint fire truck purchase. The bonds were issued in 2010. The bonds will be paid in yearly installments at an interest rate of 4.21% over a six year period, maturing on February 2017

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

Year Ending December 31:	Bond Anticipation Note		Fire Truck Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 23,001	8,727	14,441	4,054
2013	23,886	8,301	15,049	3,446
2014	24,806	7,577	15,683	2,813
2015	20,557	6,825	16,343	2,152
2016	21,180	6,203	17,031	1,464
2017 – 2021	115,925	20,988	17,749	747
2020 – 2024	67,599	3,818	0	0
Total	\$ 296,954	\$62,439	\$96,296	\$14,676

**GREEN TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

6. RETIREMENT SYSTEMS

The Township's full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, members of OPERS contributed 10 percent of their gross salaries. The Township contributed an amount equal to 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

7. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses and injuries to employees.

The Township insures against injuries through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

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

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

**GREEN TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

7. RISK MANAGEMENT, (continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Assets	\$ 35,855,252	\$ 38,985,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Retained Earnings	<u>\$ 25,190,528</u>	<u>\$ 26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Township's share of these unpaid claims collectible in future years is approximately \$15,330.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA

2011	\$9,900
2010	\$8,359
2009	\$6,842

After completing one year of membership, member may withdraw on each anniversary of the date they joined OTARMA provided the give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**GREEN TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

8. JOINT ACTION

The Township and Mad River Township united during 2002 to provide firefighting services to those areas of Green and Mad River Townships formerly served by Husted Fire and EMS Departments. The Board of Township Trustees of Green and Mad River Townships serve as the Joint Husted Service Area Board. The funding of the Husted Service area Fire Department and the Husted area EMS Department shall be apportioned equally between Green Township and Mad River Township.

9. CONTINGENT LIABILITY

On or about December 31, 2003, the Board of Green Township Trustees received a notice from the U.S. EPA, stating that the Township had been named as a Potentially Responsible Party in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) remediation of the Tremont City Landfill site in Clark County, Ohio. The Township plans to vigorously contest any claim that the Township is a Responsible Party under CERCLA. The amount of any potential claim cannot be determined at this time.

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Manning & Associates
Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

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

Green Township
Clark County
78 North Main Street
Cedarville, Ohio 45314

To the Board of Trustees:

We have audited the financial statements of Green Township, Clark County, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 22, 2012, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. For the year ended December 31, 2011, we noted the Township implemented Governmental Accounting Standard Board Statement No.54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-001 and 2011-003 described in the accompanying schedule of findings to be material weaknesses.

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Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under Government Auditing Standards which is described in the accompanying schedule of findings as items 2011-002 and 2011-003.

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 intend this report solely for the information and use of the management, and the Board of Trustees. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 22, 2012

**GREEN TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2011-001

Material Weakness

Timely Posting of Revenues and Bank Reconciliations

The Township Fiscal Officer did not post revenues in a timely manner. During the audit periods, numerous receipts were posted into their computer system several days after they received. This presented inaccurate information in monthly and on the annual financial statements and could lead to a chance of errors not being timely recognized. The timely posting of revenues is essential internal control for the annual financial reports to accurately and completely reflect the revenues of the Township. As a result, inaccurate information was given to the Trustees for monthly review.

The following deficiencies were noted in monthly reconciliations:

- Bank Reconciliations were not performed timely
- There was no indication that the Trustees reviewed bank reconciliations
- Reconciling items included significant adjustments
- Outstanding check lists contained checks that were noted as clearing the bank
- Receipts were not entered timely causing timing issues with the bank reconciliation

Risks associated with these conditions include the possibility of loss of revenue; missing or duplicate posting of cash receipts and disbursements; and reconciliation errors that could go undetected. To strengthen internal accounting controls, reduce errors in recording transactions, and to provide management with reasonable assurance that cash reconciliation procedures are in place, the following control should be implemented:

The monthly reconciliations should be reviewed by the Trustees, along with a list of outstanding checks, and the reconciled bank balance should be compared to the cashbook balance to ensure the amounts correspond. The balance of the cashbook should be reviewed to ensure that all active and invested money under the control of the Trustees is included. The Trustees should date and initial the monthly reconciliation as documentation of their review.

Response: The Township Trustee's recognize the importance of oversight, especially in a small government where a lack of separation of duties exists. The Trustee's will strengthen their monitoring review to include sign off procedures of what was reviewed and when.

**GREEN TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2011-002

Noncompliance

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and Now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.
2. **Blanket certificate** – 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 line item appropriation.
3. **Super Blanket certificate** – The district 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 one line item appropriation.

**GREEN TOWNSHIP
CLARK COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-002, (continued)

The Township did not properly certify the availability of funds prior to purchase commitment for 9 percent and 11 percent of expenditures in 2011 and 2010, respectively; and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can lead to misappropriation of monies and negative cash fund balances. Unless the exceptions noted above are utilized, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility that Township funds will exceed budgetary spending limitations, we recommend that the Township Clerk certify that the funds are or will be available prior to the obligation by the Township. When prior certification is not possible, “then and now” certification should be used.

We recommend the Township certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Response: The Fiscal Officer will review ORC Section 5705.41 (D) for proper certification of funds.

**GREEN TOWNSHIP
CLARK COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-003

Material weakness, noncompliance

Ohio Rev. Code Section 505.24 and 507.09, state that a township trustees and fiscal officer's compensations vary with the township budget. Section 505.24 also defines the term "budget" as the request filed with the budget commission by the taxing authority. Per the Ohio Township Handbook, budget, therefore must be interpreted as the amount of money that the budget commission certifies that the trustees of a township would have available for expenditures during the fiscal year, as shown on its latest amended official certificate of estimated resources.

The Trustee's and Fiscal Officer's compensation in 2011 was noted as being paid on the budget range of \$1,500,001 – \$3,500,000 from the Ohio Revised Code (ORC) 2007 supplement, when their amended official certificate of estimated resources fell within the budget range of \$750,001 – \$1,500,000. Compensation in 2010 was noted as being paid on the budget range of \$1,500,001 – \$3,500,000 from the Ohio Revised Code 2007 supplement.

The most current Ohio Revised Code (ORC) supplement should be used in determining compensation and other laws and regulations in which the Township is subject. We recommend that the Township download the most current ORC supplement and review the Auditor of State website routinely for any updates. Compensation of elected officials are based on the amended official certificate of estimated resources received from the county auditor using the current budget scale.

Response: The Trustees and Fiscal Officer will review the official certificate of estimated resources received from the county auditor to determine the compensation based on budget range. In addition, the most current ORC available will be referenced to determine the related salaries.

**GREEN TOWNSHIP
CLARK COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2009-001	Failure of timely posting of revenues and bank reconciliations	No	Reissue as Finding 2011-001
2009-002	Ohio Admin Code Section 117-2 - Failure to provide accurate and complete financial information	Yes	
2009-003	ORC 5705.10 - Failure to properly record special revenue fund receipts	Yes	
2009-004	ORC 5705.39 - Appropriations were in excess of available resources	Yes	
2009-005	ORC Sec. 5705.41(D) - Expenditures were not properly certified and Then and Now POs were issued in excess of allowable amounts	No	Reissue as Finding 2011-002

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Dave Yost • Auditor of State

GREEN TOWNSHIP

CLARK 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
OCTOBER 23, 2012**