

Green Township

Fayette County

January 1, 2010 through December 31, 2011

Years Audited Under GAGAS: 2011 and 2010



Caudill & Associates, CPA

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Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Green Township, Fayette County, prepared by Caudill & Associates, CPAs, 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.

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

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

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

Dave Yost
Auditor of State

March 26, 2013

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Green Township
Fayette County
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For the Years Ended December 31, 2011 and 2010

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Independent Auditor's Report

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

To the Township Board of Trustees:

We have audited the accompanying financial statements of Green Township, Fayette County, (the Township), 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 our audit provides a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 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, or its changes in financial position for the years then ended.

Green Township
Fayette County
Independent Auditor's Report

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

As described in Note 7, 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 January 05, 2013, 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.

Caudill & Associates, CPA

Caudill & Associates, CPA
January 05, 2013

Green Township
Fayette County
*Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances*
All Governmental and Fiduciary Fund Types
For the Year Ended December 31, 2011

| | Governmental Fund Types | | Fiduciary Fund Type | Totals (Memorandum Only) |
|---|-------------------------|--------------------|--------------------------|--------------------------------|
| | General | Special Revenue | Private Purpose Trust | |
| Cash Receipts: | | | | |
| Property and Local Taxes | \$ 29,522 | \$ 13,781 | \$ - | \$ 43,303 |
| Intergovernmental | 94,304 | 87,488 | - | 181,792 |
| Earnings on Investments | 865 | 775 | 1 | 1,641 |
| Miscellaneous | 903 | 5,125 | - | 6,028 |
| Total Cash Receipts | 125,594 | 107,169 | 1 | 232,764 |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 39,895 | 993 | - | 40,888 |
| Public Safety | 1,966 | 17,994 | - | 19,960 |
| Public Works | 1,209 | 78,251 | - | 79,460 |
| Health | 125 | 1,968 | - | 2,093 |
| Capital Outlay | 50,000 | 15,997 | - | 65,997 |
| Total Cash Disbursements | 93,195 | 115,203 | - | 208,398 |
| Total Receipts Under Disbursements | 32,399 | (8,034) | 1 | 24,366 |
| Fund Cash Balances, January 1 | 163,844 | 230,012 | 2,196 | 396,052 |
| Fund Cash Balances, December 31: | | | | |
| Nonspendable | - | - | 2,196 | 2,196 |
| Restricted | - | 221,979 | 1 | 221,980 |
| Unassigned (Deficit) | 195,875 | - | - | 195,875 |
| Fund Cash Balances, December 31 | \$ 196,243 | \$ 221,978 | \$ 2,197 | \$ 420,418 |

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

Green Township
Fayette County
Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances
All Governmental and Fiduciary Fund Types
For the Year Ended December 31, 2010

| | Governmental Fund Types | | Fiduciary Fund Type | Totals (Memorandum Only) |
|--|-------------------------|--------------------|--------------------------|--------------------------------|
| | General | Special Revenue | Private Purpose Trust | |
| Cash Receipts: | | | | |
| Property and Local Taxes | \$ 30,078 | \$ 14,090 | \$ - | \$ 44,168 |
| Intergovernmental | 123,049 | 94,211 | - | 217,260 |
| Earnings on Investments | 579 | 627 | 1 | 1,207 |
| Miscellaneous | - | 5,300 | - | 5,300 |
| Total Cash Receipts | 153,706 | 114,228 | 1 | 267,935 |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 35,886 | 892 | - | 36,778 |
| Public Safety | 9,434 | 17,364 | - | 26,798 |
| Public Works | - | 105,849 | - | 105,849 |
| Health | 1,180 | 5,456 | - | 6,636 |
| Total Cash Disbursements | 46,500 | 129,561 | - | 176,061 |
| Total Receipts Over Disbursements | 107,206 | (15,333) | 1 | 91,874 |
| Fund Cash Balances, January 1 | 56,638 | 245,345 | 2,195 | 304,178 |
| Fund Cash Balances, December 31 | <u>\$ 163,844</u> | <u>\$ 230,012</u> | <u>\$ 2,196</u> | <u>\$ 396,052</u> |

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

**GREEN TOWNSHIP
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 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 the Green Township, Fayette County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with Concord-Green Fire Department to provide fire protection services.

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

B. Accounting Basis

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

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

C. Cash Deposits

The Township invests all available funds, except the trust funds, in interest bearing checking accounts with a local commercial bank. Trust funds are deposited in savings accounts with a local commercial bank.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

**GREEN TOWNSHIP
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. Special Revenue Funds (Continued)

Fire Levy Fund - This fund receives property tax money pay for costs related to providing fire protection services.

Cemetery Fund - This fund receives money from funeral services and uses the money to maintain the cemetery. Money received in 2011 and 2010 Amounted to \$5,125 and \$5,300, respectfully, and was classified as miscellaneous revenue.

3. Fiduciary Fund (Private Purpose Trust Fund)

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

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

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

F. Fund Balance

For December 31, 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:

**GREEN TOWNSHIP
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

F. Fund Balance (Continued)

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.

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. The accompanying financial statements do not report these items as assets.

**GREEN TOWNSHIP
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. Equity in Pooled Deposits and Investments

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

| | 2011 | 2010 |
|-----------------|-----------|-----------|
| Demand deposits | \$420,418 | \$396,052 |

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|----------|
| General | \$125,525 | \$125,594 | \$69 |
| Special Revenue | 107,099 | 107,169 | 70 |
| Total | \$232,624 | \$232,763 | \$139 |

2011 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------|----------------------------|---------------------------|-----------|
| General | \$312,816 | \$93,195 | \$219,621 |
| Special Revenue | 339,623 | 115,203 | 224,420 |
| Total | \$652,439 | \$208,398 | \$444,041 |

2010 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|----------|
| General | \$153,991 | \$153,706 | (\$285) |
| Special Revenue | 114,166 | 114,228 | 62 |
| Total | \$268,157 | \$267,934 | (\$223) |

**GREEN TOWNSHIP
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

| 2010 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$107,900 | \$46,500 | \$61,400 |
| Special Revenue | 335,800 | 129,561 | 206,239 |
| Total | \$443,700 | \$176,061 | \$267,639 |

4. Property Tax

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

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

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

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

5. Retirement Systems

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

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

**GREEN TOWNSHIP
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Risk Management

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

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

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

Casualty and Property Coverage

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

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010:

| | <u>2011</u> | <u>2010</u> |
|-------------|---------------------|---------------------|
| Assets | \$35,086,165 | \$35,855,252 |
| Liabilities | <u>(9,718,792)</u> | <u>(10,664,724)</u> |
| Net Assets | <u>\$25,367,373</u> | <u>\$25,190,528</u> |

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$9.1 and \$9.9 million of estimated incurred claims payable. The assets above also include approximately \$8.6 and \$9.5 million of unpaid claims to be billed to approximately 938 member governments in the future, as of December 31, 2011 and 2010, 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 \$2,000.

**GREEN TOWNSHIP
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Risk Management (Continued)

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.

| <u>Contributions to OTARMA</u> | |
|--------------------------------|-------------|
| <u>2011</u> | <u>2010</u> |
| \$3,307 | \$2,746 |

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

7. Change In Accounting Principles

For 2011, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on actual fund balances.

8. Compliance

Contrary to Ohio Revised Code sections 5705.36(A)(4), the Township failed to request a reduced certificate and reducing appropriations which lead to appropriations exceeding actual resources in the general, gasoline tax, and fire Funds during 2011.

Contrary to Ohio Rev. Code Section 5705.39, the Township had appropriations in excess of estimated resources in the general, gasoline tax and fire funds in 2011.



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Independent Auditor's 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
Fayette County
1508 Anderson Road
Washington Court House, Ohio 43160

To the Township Board of Trustees:

We have audited the financial statements of Green Township, Fayette County, Ohio (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated January 05, 2013, wherein we noted the Township adopted Governmental Accounting Standards Board Statement No. 54 (GASB 54) in 2011. The Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 and responses we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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

Green Township
Fayette County

Independent Auditor's 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 (Continued)

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2011-001 through 2011-002.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated January 05, 2013.

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

Caudill & Associates, CPA

Caudill & Associates, CPA
January 05, 2013

Green Township
Fayette County
Schedule of Findings and Responses
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 2011-001

Noncompliance – Appropriations in Excess of Estimated Resources

Ohio Revised Code Section 5705.39 states that total appropriations from each fund shall not exceed the total estimated resources. During 2011, appropriations exceeded estimated resources in the General Fund, Gasoline Tax Fund and the Fire Fund. We recommend the Fiscal Officer monitor estimated resources in relationship to appropriations and file the necessary amended certificate and/or appropriation measure with the County Auditor when estimated resources fall below appropriations.

Township Response:

The Township was aware of the amended certificate if the amount exceeded the appropriations but not for a reduced amended certificate. The Township will make sure to appropriate approximately 75% of estimated resources or obtain a reduced amended certificate when necessary.

Finding Number 2011-002

Noncompliance – Appropriations in Excess of Available 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. During 2011, appropriations exceeded available resources in the General Fund, Gasoline Tax Fund and Fire Fund.

We recommend the Fiscal Officer monitor available resources in relationship to estimated resources and appropriations and file the necessary amended certificate with the County Auditor upon determination that available resources will be less than estimated resources.

Township Response:

The Township will only appropriate approximately 75% of the estimated resources. If the Township should exceed the resources or have a reduction in resources, the Township will file the appropriate amended certificate with the County Auditor.

Green Township
Fayette County
Schedule of Findings and Responses
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 – Budgetary Information Within the Accounting System

Proper classification of budgeted receipts and disbursements is pertinent to a properly functioning control environment. Officials of the Township rely on information recorded within the UAN system to make spending and budgeting decisions. Variances were identified between the Township’s formally approved budgetary documents and the information within its accounting system. Variances in estimated resources for 2011 and 2010 are due to requests for amended certificates that were not recorded within the accounting system. Failure to properly input and update budgetary information within the accounting system subjects the Township to the risk of decision-making based on erroneous information that could result in adverse results. We recommend the Township review budgeting and accounting processes and implement the appropriate steps to ensure that budgeted information included within the accounting system is in agreement with formal approved documents.

Township Response:

When an amended certificate was obtained, the Township was not aware that it needed to record the measures within the accounting system. The Township will make sure to review budgeting and accounting processes to avoid any future errors.

Green Township
Fayette County
Schedule of Prior Audit Findings
For the Years Ended December 31, 2011 and 2010

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain |
|----------------|---|------------------|--|
| 2009-001 | Material Weakness – Misclassification of Receipts and Disbursements | Yes | Finding No Longer Valid |
| 2009-002 | Material Weakness – Budgetary Information Within the Accounting System | No | Reissued As Finding 2011-003 |
| 2009-003 | Noncompliance – ORC 505.24(C) and OAG Opinion 2004-036 – allocation of Trustees’ salaries | Yes | Finding No Longer Valid |



Dave Yost • Auditor of State

GREEN TOWNSHIP

FAYETTE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 9, 2013**