



Dave Yost • Auditor of State



**GREEN TOWNSHIP  
HARRISON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Green Township  
Harrison County  
P.O. Box 116  
Hopedale, Ohio 43976

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Green Township, Harrison County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Green Township, Harrison County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, a certain Township cemetery bequest fund was improperly classified as a Permanent Fund rather than as a Private Purpose Trust Fund. The fund balance at January 1, 2013 has been restated accordingly.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 22, 2015

**GREEN TOWNSHIP  
HARRISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$6,573	\$94,877	\$0	\$101,450
Licenses, Permits and Fees	3,650	7,600	0	11,250
Intergovernmental	62,091	110,248	0	172,339
Earnings on Investments	13	2	0	15
Miscellaneous	44,330	15,211	0	59,541
<i>Total Cash Receipts</i>	<u>116,657</u>	<u>227,938</u>	<u>0</u>	<u>344,595</u>
<b>Cash Disbursements</b>				
Current:				
General Government	45,678	4,146	0	49,824
Public Safety	0	35,578	0	35,578
Public Works	35,636	160,706	0	196,342
Health	0	29,352	0	29,352
Capital Outlay	0	0	25,000	25,000
Debt Service:				
Principal Retirement	14,872	3,951	0	18,823
Interest and Fiscal Charges	579	312	0	891
<i>Total Cash Disbursements</i>	<u>96,765</u>	<u>234,045</u>	<u>25,000</u>	<u>355,810</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>19,892</u>	<u>(6,107)</u>	<u>(25,000)</u>	<u>(11,215)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Notes	0	0	25,000	25,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>25,000</u>
<i>Net Change in Fund Cash Balances</i>	19,892	(6,107)	0	13,785
<i>Fund Cash Balances, January 1</i>	<u>72,437</u>	<u>84,561</u>	<u>0</u>	<u>156,998</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	51,553	0	51,553
Committed	0	26,901	0	26,901
Unassigned (Deficit)	92,329	0	0	92,329
<i>Fund Cash Balances, December 31</i>	<u>\$92,329</u>	<u>\$78,454</u>	<u>\$0</u>	<u>\$170,783</u>

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

GREEN TOWNSHIP  
HARRISON COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCE (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Private Purpose Trust
<b>Operating Cash Receipts</b>	
Earnings on Investments (trust funds only)	\$1
<i>Total Operating Cash Receipts</i>	<u>1</u>
<i>Net Change in Fund Cash Balances</i>	1
<i>Fund Cash Balances, January 1</i>	<u>692</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$693</u></u>

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

**GREEN TOWNSHIP  
HARRISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$6,072	\$87,082	\$93,154
Licenses, Permits and Fees	268	5,550	5,818
Intergovernmental	13,428	109,890	123,318
Earnings on Investments	18	1	19
Miscellaneous	71,425	100,487	171,912
<i>Total Cash Receipts</i>	<u>91,211</u>	<u>303,010</u>	<u>394,221</u>
<b>Cash Disbursements</b>			
Current:			
General Government	35,589	3,906	39,495
Public Safety	0	43,862	43,862
Public Works	82,209	217,965	300,174
Health	0	28,500	28,500
Capital Outlay	16,000	5,245	21,245
Debt Service:			
Principal Retirement	13,100	3,254	16,354
Interest and Fiscal Charges	1,204	0	1,204
<i>Total Cash Disbursements</i>	<u>148,102</u>	<u>302,732</u>	<u>450,834</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(56,891)</u>	<u>278</u>	<u>(56,613)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Notes	16,000	0	16,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>16,000</u>	<u>0</u>	<u>16,000</u>
<i>Net Change in Fund Cash Balances</i>	(40,891)	278	(40,613)
<i>Fund Cash Balances, January 1 (As Restated - Note 2)</i>	<u>113,328</u>	<u>84,283</u>	<u>197,611</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	43,085	43,085
Committed	0	41,476	41,476
Unassigned (Deficit)	72,437	0	72,437
<i>Fund Cash Balances, December 31</i>	<u><u>\$72,437</u></u>	<u><u>\$84,561</u></u>	<u><u>\$156,998</u></u>

**GREEN TOWNSHIP  
HARRISON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCE (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Private Purpose Trust
<i>Fund Cash Balances, January 1 (As Restated - Note 2)</i>	<u>\$692</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$692</u></u>

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

**GREEN TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**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, Harrison County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection services. The Township contracts with the Cadiz, Hopedale and Jewett Volunteer Fire Departments to provide fire services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA is a risk-sharing pool available to Ohio Townships for insurance coverage. Note 8 to the financial statements provides additional information for this risk pool membership.

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 permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

**C. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

**GREEN TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**C. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Funds:

Miscellaneous Capital Projects Fund - This fund was used for the construction of the Township's cinder storage building.

**4. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of the Miller Family cemetery plot.

**D. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 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 canceled, and reappropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 4.

**GREEN TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Fund Balance**

Fund balance is divided into classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. Of these classifications, the Township has the following:

**1. 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.

**2. 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.

**3. 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.

**F. Property, Plant, and Equipment**

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

**2. Restatement of Fund Balance**

The Township has a cemetery trust fund that benefits certain family plots within the Township cemetery. This revenue should be reported within a Private Purpose Trust Fund. However, this fund's activity was previously reported in a Permanent Fund. The beginning balances of the Permanent Fund and the Private Purpose Trust Fund were restated at January 1, 2013 as shown below:

	Permanent Fund's Balance	Private Purpose Funds' Balance
January 1, 2013 fund balances as reported:	\$692	\$0
Adjustment: proper classification	(692)	692
Restated January 1, 2013 fund balance	\$0	\$692

**GREEN TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. Equity in Pooled Deposits**

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

	2014	2013
Demand deposits	\$170,976	\$157,190
Certificates of deposit	500	500
Total deposits	\$171,476	\$157,690

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**4. Budgetary Activity**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$146,850	\$116,657	(\$30,193)
Special Revenue	247,078	227,938	(19,140)
Capital Projects	0	25,000	25,000
Private Purpose Trust	1	1	0
Total	\$393,929	\$369,596	(\$24,333)

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$96,765	(\$96,765)
Special Revenue	0	234,045	(234,045)
Capital Projects	0	25,000	(25,000)
Total	\$0	\$355,810	(\$355,810)

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$92,005	\$107,211	\$15,206
Special Revenue	302,215	303,010	795
Total	\$394,220	\$410,221	\$16,001

**GREEN TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**4. Budgetary Activity (Continued)**

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$127,433	\$148,102	(\$20,669)
Special Revenue	292,385	302,732	(10,347)
Total	\$419,818	\$450,834	(\$31,016)

Contrary to Ohio Rev. Code § 5705.38, the Township failed to pass an Appropriation Resolution for 2014; therefore, 100% of expenditures exceeded appropriations in violation of Ohio Rev. Code § 5705.41(B) for the year ended December 31, 2014. Appropriation amounts were posted to the accounting system without the approval of the Board in violation of Ohio Rev. Code § 5705.40. Also contrary to Ohio Rev. Code § 5705.41(B) expenditures exceeded appropriation authority in the General and Road and Bridge Funds by \$20,669 and \$37,667, respectively, for the year ended December 31, 2013.

**5. 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.

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

**6. Debt**

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
General Obligation Note - Truck	\$4,467	3.10%
General Obligation Note - Building	23,432	2.55%
General Obligation Note - Skid Loader	8,566	2.90%
Total	\$36,465	

The Township issued an unsecured general obligation note to finance the purchase of dump truck for Township road maintenance. The original loan was dated April 12, 2010 in the amount of \$63,062 for 5 years. The maturity date of the loan is April 15, 2015.

The Township issued an unsecured general obligation note to finance the purchase of a cinder storage building. The original loan was dated for August 15, 2014 in the amount of \$25,000 for 5 years. The maturity date of the loan is August 15, 2019.

The Township issued a secured general obligation note to finance the purchase of a skid loader. The original loan was dated for January 15, 2013 in the amount of \$16,000 for 4 years. The maturity date of the loan is January 15, 2017.

**GREEN TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**6. Debt (Continued)**

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

Year ending December 31:	Truck Loan	Building Loan	Skid Loader Loan
2015	\$4,550	\$18,646	\$4,263
2016	0	13,735	4,263
2017	0	8,695	263
2018	0	3,523	0
Total	<u>\$4,550</u>	<u>\$44,599</u>	<u>\$8,789</u>

**7. Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, 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, 2014.

**8. 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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 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  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**8. 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, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$34,954,286	\$35,970,263
Liabilities	8,486,363	8,912,432
Net Position	\$26,467,923	\$27,057,831

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

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

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2014</u>
\$5,660	\$5,691

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.

**9. Subsequent Events**

On March 25, 2015, the Harrison County Court of Common Pleas found Tamela Best guilty of forgery, in violation of Ohio Rev. Code §2913.31(A)(1) and ordered her to pay restitution. Tamela Best is the daughter of the prior Fiscal Officer, Jacqueline A. Tipton. These forgery charges were the result of Tamela Best forging Township checks and cashing them. The restitution ordered was in the amount of \$13,709. Of this amount, \$6,700 has been paid, with the remaining balance due of \$7,009.

**GREEN TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**9. Subsequent Events (Continued)**

In August of 2015, the Township signed an oil and gas lease with Chesapeake Operating, Inc. The Township received \$10,290 in October 2015 for the signing of this lease agreement.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Green Township  
Harrison County  
P.O. Box 116  
Hopedale, Ohio 43976

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Green Township, Harrison County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated December 22, 2015, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. In addition, the Township's Permanent and Private Purpose Trust Fund cash fund balances at January 1, 2013 were restated to properly classify a cemetery bequest fund as a Private Purpose Trust Fund.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2014-001 through 2014-003 to be material weaknesses.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts.

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However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2014-004 through 2014-007.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 22, 2015

**GREEN TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

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

**FINDING NUMBER 2014-001**

**Material Weakness**

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, and prepare financial statements.

The Township had several receipts that were deposited at the Township's financial institution during 2014, but were not posted to the accounting system until 2015. Cash adjustments were required to be posted to the accounting records for the second half real estate homestead and rollback from the State. \$4,702 was electronically deposited with the Township's financial institution in October 2014, but was not posted to the Township's accounting system until January 2015. This error resulted in a net understatement of the fund balance of the Road and Bridge Fund of \$1,983, the Cemetery Fund of \$1,070, and the Fire Fund of \$1,649. This adjustment was posted to the Township's 2014 financial statement. Other, immaterial amounts were noted, but did not require adjustment of the Townships accounting system.

The Township should post all deposits to the books in the proper period to help ensure all financial activity is included in the appropriate annual financial report. Also, posting receipts to the accounting system in a timely manner will help make the monthly cash reconciliation process less cumbersome.

**FINDING NUMBER 2014-002**

**Material Weakness**

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

As a result of procedures performed, errors were noted in the Township's financial statements that required audit reclassifications or adjustments for which the financial statements have been adjusted:

- Proceeds from the sale of notes along with the related expenditure of \$25,000 for the storage building were posted to the General Fund, instead of a Capital Project Fund in 2014.
- Proceeds from the sale of notes, along with the related Capital Outlay expenditure of \$16,000 for the purchase of a skid loader were improperly omitted from the General Fund in 2013.
- The Township improperly classified the Cemetery Bequest Fund as a Permanent Fund, rather than as a Private Purpose Trust Fund. The January 1, 2013 Private Purpose Trust Fund balance was \$692.
- The Township improperly classified the fund balance of the Road and Bridge Fund as Restricted, instead of Committed in 2014 and 2013 in the amounts of \$26,901 and \$41,476, respectively. As the balance was made up of revenues generated by inside millage from the general property taxes, the balance should have been reported as Committed.

The Township's financial statements were adjusted accordingly.

**GREEN TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2014-002 (Continued)**

**Material Weakness (Continued)**

Sound financial reporting is the responsibility of the Township and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Board of Trustees should adopt policies and procedures, including a final review of the financial statement and notes by the Fiscal Officer and Board, to help identify and correct errors and omissions. The Fiscal Officer should also refer to the *Ohio Township Handbook* for additional guidance in recording receipts and expenditures in the UAN system.

**FINDING NUMBER 2014-003**

**Material Weakness**

The Township should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and expenditures.

The Fiscal Officer did not properly post budgeted receipts, and any amendments made to them, to the accounting system. Variances existed between the certificate of estimated resources and the amounts posted to the accounting system throughout the year. The following table details these variances for selected funds from 2013:

<b>Fund</b>	<b>Amount from Last Amended Certificate</b>	<b>Amount Posted to Accounting System</b>	<b>Variance</b>
General (1000)	\$92,005	\$71,577	(\$20,428)
Gasoline Tax (2021)	85,734	95,950	10,216
Road and Bridge (2031)	117,943	95,978	(21,965)

The Fiscal Officer should record estimated receipts in the UAN accounting system from the Official Certificate of Estimated Resources, as well as all approved amendments. The Fiscal Officer should periodically present budget versus actual results to the Board. As part of their monitoring responsibilities, the Board should review this information and should inquire to the Fiscal Officer if they note apparent errors in the budget or actual data and should also use this information to determine if they should amend estimated revenues or appropriations. This will aid the Township in monitoring financial position.

**FINDING NUMBER 2014-004**

**Noncompliance**

Ohio Rev. Code § 5705.38 requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than the first day of April.

**GREEN TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2014-004 (Continued)**

**Noncompliance – Ohio Rev. Code § 5705.38 (Continued)**

The Board of Trustees failed to pass an annual appropriation resolution for 2014.

The Board of Trustees should pass the appropriations resolution prior to making any disbursements. Should the Board not be able to make a permanent appropriation resolution at the beginning of each year, a temporary appropriation should be passed, with the Board taking steps to ensure a permanent appropriation is passed by April 1. This will help the Board create a spending plan within its estimated resources and allow the Board to utilize budget versus actual reports to better understand the financial position of the Township and control spending accordingly.

**FINDING NUMBER 2014-005**

**Noncompliance**

Ohio Rev. Code § 5705.40 states, in part, that any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation.

During 2014 and 2013, the Fiscal Officer amended appropriations in the Uniform Accounting Network (UAN) without the approval of the Board of Trustees. As a result, budgetary reports generated from the UAN computer system did not reflect approved appropriations.

During 2013, the appropriation amounts posted to the UAN system exceeded the total amount of approved appropriations for the General Fund by \$57,473, the Gasoline Tax Fund by \$791 and the Road and Bridge Fund by \$57,178.

During 2014, the appropriation amounts posted to the UAN system exceeded the total amount of approved appropriations for the General Fund by \$220,394, the Gasoline Tax Fund by \$106,580 and the Road and Bridge Fund by \$100,165.

The Fiscal Officer should not make adjustments to the total fund appropriations prior to Board approval. The Township should implement procedures to ensure budgetary activity approved by the Board is reconciled to the UAN computer system. When accurate amounts are reflected on the Township's budgetary reports, the Board will be able to better monitor the Township's finances.

**FINDING NUMBER 2014-006**

**Noncompliance**

Ohio Rev. Code § 5705.41(B) states, in part, that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

Total disbursements and outstanding commitments exceeded appropriations in the General, Gasoline Tax, and Road and Bridge Funds in 2014 by 100%, or \$96,765, \$80,041, and \$69,627, respectively. Total disbursements and outstanding commitments exceeded appropriations in the General and Road and Bridge Funds in 2013 by \$20,669 and \$37,667, respectively.

**GREEN TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2014-006 (Continued)**

**Noncompliance – Ohio Rev. Code § 5705.41(B) (Continued)**

The Board of Trustees should approve supplemental appropriations so that disbursements are within the Township's approved appropriations (budgeted disbursements). However, the Board should only approve supplemental appropriations when supplemental appropriations and previously approved appropriations are within estimated resources on the Amended Certificate of Estimated Resources (or if a new Amended Certificate can be submitted due to an increased expected revenue). When disbursements are expected to exceed appropriations and additional appropriations cannot be approved as the new total would exceed estimated resources, the Township should review their spending plan to determine the necessity of purchases and where cuts can be made. This will help ensure the Township does not expend excessive amounts and allow the Board to maintain surplus cash balances.

**FINDING NUMBER 2014-007**

**Noncompliance**

Ohio Rev. Code Chapter 133 allows various methods for subdivisions to incur debt. Ohio Rev. Code § 133.22 allows a subdivision to issue anticipatory securities; § 133.10 allows anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision; § 133.15 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct; and § 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

The Board signed a bank loan with U.S. Bank for a truck loan totaling \$63,062 and a building loan totaling \$25,000. The Trustees also entered into a loan with John Deere Financial for a skid loader loan totaling \$16,000. These debt obligations were loans, and as such, were not within the provisions set forth in Ohio Rev. Code Chapter 133.

The Ohio Rev. Code contains various methods of incurring debt for Townships. Installment loans with financial institutions are not legal methods of debt for Townships. The Board should consult with the Township's legal counsel prior to the Township incurring future debt, to ensure debt obligations are permissible.

**Official's Response:** We did not receive a response from Officials to the findings reported above.

**GREEN TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-01	Appropriations exceeded available resources in certain funds contrary to Ohio Rev. Code § 5705.39.	No	Repeated in the management letter.
2012-02	Expenditures exceeded appropriations in violation of Ohio Rev. Code § 5705.41(B).	No	Repeated as Finding Number 2014-006.

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# Dave Yost • Auditor of State

**GREEN TOWNSHIP**

**HARRISON 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  
JANUARY 5, 2016**