



**Auditor of State
Betty Montgomery**

**GREEN TOWNSHIP
GALLIA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Green Township
Gallia County
1614 State Route 775
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the accompanying financial statements of Green Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Green Township, Gallia County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2004 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 19, 2004

**GREEN TOWNSHIP
GALLIA 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, 2003**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:				
Local Taxes	\$ 60,637	\$ 167,274	\$	\$ 227,911
Intergovernmental	65,049	303,006		368,055
Licenses, Permits, and Fees	4,449			4,449
Earnings on Investments	737	63	309	1,109
Other Revenue	32	1,020		1,052
	<u>130,904</u>	<u>471,363</u>	<u>309</u>	<u>602,576</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	78,399	2,479		80,878
Public Safety		40,987		40,987
Public Works	1,887	321,216		323,103
Health		774		774
Capital Outlay	689			689
	<u>80,975</u>	<u>365,456</u>	<u>0</u>	<u>446,431</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>49,929</u>	<u>105,907</u>	<u>309</u>	<u>156,145</u>
Other Financing Receipts/(Disbursements):				
Other Uses	(160)			(160)
	<u>(160)</u>			<u>(160)</u>
Total Other Financing Receipts/(Disbursements)	<u>(160)</u>	<u>0</u>	<u>0</u>	<u>(160)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>49,769</u>	<u>105,907</u>	<u>309</u>	<u>155,985</u>
Fund Cash Balances, January 1	<u>4,423</u>	<u>56,667</u>	<u>6,506</u>	<u>67,596</u>
Fund Cash Balances, December 31	<u>\$ 54,192</u>	<u>\$ 162,574</u>	<u>\$ 6,815</u>	<u>\$ 223,581</u>

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

**GREEN TOWNSHIP
GALLIA 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, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:				
Local Taxes	\$ 56,980	\$ 135,844	\$	\$ 192,824
Intergovernmental	21,304	165,000		186,304
Licenses, Permits, and Fees	4,664			4,664
Earnings on Investments	696	153	301	1,150
Other Revenue	10	6,483		6,493
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	83,654	307,480	301	391,435
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
General Government	89,162	1,277		90,439
Public Safety		43,841		43,841
Public Works	14,739	219,476		234,215
Health		4,961		4,961
Capital Outlay		7,923		7,923
Debt Service:				
Redemption of Principal		17,320		17,320
Interest and Fiscal Charges		414		414
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	103,901	295,212	0	399,113
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(20,247)	12,268	301	(7,678)
	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Receipts/(Disbursements):				
Transfers-In		400		400
Transfers-Out	(400)			(400)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(400)	400	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(20,647)	12,668	301	(7,678)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	25,070	43,999	6,205	75,274
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$ 4,423	\$ 56,667	\$ 6,506	\$ 67,596
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**GREEN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Green Township, Gallia County (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees and a publicly-elected Clerk. The Township provides services that include road and bridge maintenance, cemetery maintenance, and fire protection through a contract with the Village of the City of Gallipolis.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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.

C. Cash and Investments

The Township Clerk invests all available funds of the Township in an interest-bearing checking account, certificate of deposit, and United States Savings Bonds. The Township also holds common stock, which is valued at cost.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources 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
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

Federal Emergency Management Agency (FEMA) Fund – This fund receives FEMA grant money to repair Township roads damaged by flooding.

3. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreements require the Township to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. The Township had the following Fiduciary Fund:

Cemetery Bequest Fund – This fund accounts for the principal and interest received from contributions for cemetery maintenance. Only the interest earned is available for expenditure. This fund is classified as a Nonexpendable Trust Fund.

E. 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 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 canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**GREEN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2003	2002
Deposits:		
Demand deposits	\$ 219,788	\$ 63,803
Certificate of deposit	1,000	1,000
Total Deposits	220,788	64,803
Investments:		
Common Stock (at cost, fair value was \$8,635 and \$6,655 at December 31, 2003 and 2002, respectively)	793	793
U.S Savings Bonds	2,000	2,000
Total Investments	2,793	2,793
Total Deposits and Investments	\$ 223,581	\$ 67,596

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

Investments: The U.S. Savings Bonds are held in book entry form by the Federal Reserve, in the name of the Township. The Township has stock held with Ohio Valley Bank which was received through a cemetery bequest.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

Fund Type	2003 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 107,482	\$ 130,904	\$ 23,422
Special Revenue	448,194	471,363	23,169
Nonexpendable Trust	0	309	309
Total	\$ 555,676	\$ 602,576	\$ 46,900

**GREEN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 102,960	\$ 81,135	\$ 21,825
Special Revenue	432,800	365,456	67,344
Total	\$ 535,760	\$ 446,591	\$ 89,169

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 85,708	\$ 83,654	\$ (2,054)
Special Revenue	330,906	307,880	(23,026)
Nonexpendable Trust	464	301	(163)
Total	\$ 417,078	\$ 391,835	\$ (25,243)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 111,302	\$ 104,301	\$ 7,001
Special Revenue	340,450	295,212	45,238
Total	\$ 451,752	\$ 399,513	\$ 52,239

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements 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.

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 SYSTEM

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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.

**GREEN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. RETIREMENT SYSTEM (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all employer contributions required through December 31, 2003.

6. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

**GREEN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RISK MANAGEMENT (Continued)

Risk Pool Membership (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:

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$ 27,792,223	\$ 23,757,036
Liabilities	<u>(11,791,300)</u>	<u>(9,197,512)</u>
Retained Earnings	<u>\$ 16,000,923</u>	<u>\$ 14,559,524</u>
<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$ 6,791,060	\$ 6,596,996
Liabilities	<u>(750,956)</u>	<u>(1,204,326)</u>
Retained Earnings	<u>\$ 6,040,104</u>	<u>\$ 5,392,670</u>

The Township reimburses the elected officials for healthcare insurance coverage monthly.

7. RELATED PARTY TRANSACTIONS

A Township Trustee owns of a company from which the Township paid for tire repairs and equipment usage. The Township paid \$9,920 and \$24,316 in 2003 and 2002, respectively for these services. The Township paid another Township Trustee \$4,021 in 2003 for use of his farm equipment for grading and debris removal. The Township paid the third Trustee \$355 in 2003 for use of equipment for ice and snow storm clean-up.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Green Township
Gallia County
1614 State Route 775
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the financial statements of Green Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated October 19, 2004, wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2003-001 through 2003-003. We also noted certain immaterial instances of noncompliance that we have reported to the Township's management in a separate letter dated October 19, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2003-004.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the Township's management in a separate letter dated October 19, 2004

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 19, 2004

**GREEN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-001

Reportable Condition – Related Party Transactions

During 2002 and 2003, the Township experienced several severe weather events. As a result of those events, the Township Trustees determined that emergencies existed that necessitated the use of personally owned equipment to assist in the clearing of roads and other damages. The Trustees believed that no other persons or contractors were available to assist in these situations. As a result of these determinations, payments were made to the Trustees for reimbursement of personal equipment.

Tom F. Woodward, Township Trustee, owns farm equipment and provided grading and debris removal with the following equipment and charges:

- 100 horsepower tractor at \$50 per hour;
- 60 horsepower tractor and loader at \$35 per hour;
- Chainsaw at \$50 per day;
- Chainsaw at \$30 per day;
- Truck at \$20 per day; and
- Kerosene at \$1.7051 per gallon.

\$4,021 was paid to Tom Woodward during 2003 for these services.

Lonnie Boggs, Township Trustee, was reimbursed \$354.96 by the Township in 2003 for the use of the following equipment for ice and snowstorm clean-up:

- Chainsaw - \$10.00;
- W20 Case Loader, 5 hours @ \$50/hr. - \$250.00; and
- Repair of Guardrail & two torch tips - \$64.96.

Tony L. Beck, Township Trustee, is the owner of Tony's Tire. Tony's Tire sells and repairs tires for the Township. Also, Tony's Tire owns two trucks with snow plows, as well as a dump truck. Tony's Tire charges the Township \$30 per hour for snow removal and \$25 per hour for hauling. The Township paid \$24,316 to Tony's Tire in 2002 and \$9,920 in 2003.

There were no written contracts on file between the Township and the Board of Trustees for these services. At the Board of Trustees meeting on December 27, 2001, the Trustees approved the use of Tony's Tire for snowplowing and dump truck use on an as-needed basis for 2002. Tony L. Beck abstained from voting on these matters. At the January 13, 2003 meeting, the Trustees approved the 2003 rate of pay for tractor work, truck work, and snow plowing to remain the same as 2002.

In general, the Trustees believed that the rates charged for these services were less expensive than if these services had been competitively bid or otherwise obtained through a contracting process.

We recommend the Township no longer engage in business interests owned by Township Trustees for Township work. We further recommend the Township, with the help of its legal counsel, develop a formal policy regarding related party transactions in which members of the Board of Trustees may have a personal interest. This policy may include Board of Trustee members abstaining from voting on related party items, advertising contracts for bid, etc.

**GREEN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

There are several exceptions found in Section 5705.41(D)(1) to the standard requirement, stated above:

Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, 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 taxing authority (Board of Township Trustees) can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$1,000 (\$3,000 after April 7, 2003) for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority 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 taxing authority.

Fifty-four percent (54%) of the expenditures tested in 2003 and 2002 did not have the prior certification of the Township's Clerk and neither of the above exceptions had been met. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Township's employees and officials obtain the certification of the Township Clerk prior to a commitment being incurred.

**GREEN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-001	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for failure to obtain the prior certification of the Township Clerk.	No	Not Corrected: This issue is repeated in the current audit Schedule of Findings as item 2003-002.



**Auditor of State
Betty Montgomery**

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GREEN TOWNSHIP

GALLIA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 30, 2004**