



**Auditor of State
Betty Montgomery**

GOSHEN TOWNSHIP
HARDIN COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Goshen Township
Hardin County
9264 TR 225
Kenton, OH 43326

To the Board of Trustees:

We have audited the accompanying financial statements of Goshen Township, Hardin County, (the "Township"), as of and for the years ended December 31, 2002 and 2001. 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. 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 the Township as of December 31, 2002 and 2001, 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 May 27, 2003, 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.

Goshen Township
Hardin County
Independent Accountants' Report
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This report is intended solely for the information and use of management and the Board of Trustees, and other officials authorized to receive this report under § 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

May 27, 2003

**GOSHEN TOWNSHIP
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$7,143	\$12,266		\$19,409
Intergovernmental	33,870	62,156	38,805	134,831
Licenses, Permits, and Fees	225			225
Earnings on Investments	4,522	4,542		9,064
Other Revenue	321	5		326
	<u>46,081</u>	<u>78,969</u>	<u>38,805</u>	<u>163,855</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	31,922			31,922
Public Safety	5,950			5,950
Public Works		48,438		48,438
Health	6,711	737		7,448
Intergovernmental		8,523	38,805	47,328
	<u>44,583</u>	<u>57,698</u>	<u>38,805</u>	<u>141,086</u>
Total Cash Disbursements				
Total Receipts Over Disbursements	<u>1,498</u>	<u>21,271</u>		<u>22,769</u>
Fund Cash Balances, January 1	<u>81,728</u>	<u>147,504</u>	<u>0</u>	<u>229,232</u>
Fund Cash Balances, December 31	<u><u>\$83,226</u></u>	<u><u>\$168,775</u></u>	<u><u>\$0</u></u>	<u><u>\$252,001</u></u>

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

GOSHEN TOWNSHIP
HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

Operating Cash Receipts:	
Interest	\$55
Operating Cash Disbursements	<u>0</u>
Cash Receipts Over Cash Disbursements	55
Fund Cash Balance, January 1	<u>1,062</u>
Fund Cash Balance, December 31	<u><u>\$1,117</u></u>

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

**GOSHEN TOWNSHIP
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$6,796	\$11,681	\$18,477
Intergovernmental	31,605	60,804	92,409
Licenses, Permits, and Fees	903		903
Earnings on Investments	5,232	4,876	10,108
Other Revenue	4,066	420	4,486
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	48,602	77,781	126,383
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	37,272		37,272
Public Safety	7,217		7,217
Public Works		26,122	26,122
Health	3,387	3,086	6,473
Intergovernmental		8,231	8,231
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	47,876	37,439	85,315
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	726	40,342	41,068
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	81,002	107,162	188,164
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$81,728</u>	<u>\$147,504</u>	<u>\$229,232</u>

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

GOSHEN TOWNSHIP
HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

Operating Cash Receipts:	
Interest	\$78
Operating Cash Disbursements	<u>50</u>
Cash Receipts Over Cash Disbursements	28
Fund Cash Balance, January 1	<u>1,034</u>
Fund Cash Balance, December 31	<u><u>\$1,062</u></u>

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

**GOSHEN TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Goshen Township, Hardin 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. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with Jackson-Forest Fire Department and Marseilles Fire Department to provide fire services.

The residents of the Township support Grove Cemetery Association and the Veterans' Memorial Park District through tax levies. This relationship is further described in Note 4.

A member of the Township's Board of Trustees is appointed to the Board of the BKP Ambulance District.

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

Certificates of deposit are 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 (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

**GOSHEN TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Issue II Fund - The Township received a grant from the State of Ohio to repair township roads.

4. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Cemetery Bequest Fund – This fund receives interest proceeds from the invested principal to maintain grave sites within the McKenderee Cemetery.

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

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.

**GOSHEN TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments 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:

	2002	2001
Demand deposits	\$135,995	\$121,169
Certificates of deposit	117,123	109,125
Total deposits	\$253,118	\$230,294

Deposits: Deposits are 100% insured by the National Credit Union Share Insurance Fund.

The Township maintains all of its monies either in demand deposit accounts or certificates of deposit at a credit union. A credit union is not an eligible depository per Ohio Revised Code Section 135.03.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 is as follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,988	\$46,081	\$18,093
Special Revenue	80,943	78,969	(1,974)
Capital Projects	38,805	38,805	
Fiduciary	50	55	5
Total	\$147,786	\$163,910	\$16,124

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$44,583	(\$44,583)
Special Revenue	0	57,698	(57,698)
Capital Projects	38,805	38,805	
Fiduciary	0	0	
Total	\$38,805	\$141,086	(\$102,281)

**GOSHEN TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,371	\$48,602	\$16,231
Special Revenue	80,941	77,781	(3,160)
Fiduciary	50	78	28
Total	\$113,362	\$126,461	\$13,099

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$47,876	(\$47,876)
Special Revenue	0	37,439	(37,439)
Fiduciary	0	50	(50)
Total	\$0	\$85,365	(\$85,365)

The Township did not establish a separate fund to account for the activity of its cemetery. This violated Ohio Rev. Code Section. 5705.09.

The Township did not pass an appropriations resolution for 2002 and 2001 which violated Ohio Rev. Code Section 5705.38. As a result, all expenditures exceeded appropriations which violated the requirements of Ohio Rev. Code Section 5705.41(B).

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.

**GOSHEN TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

4. PROPERTY TAX (Continued)

The residents of the Township support Grove Cemetery Association (the "Cemetery") and the Veterans' Memorial Park District (the "Park") through tax levies. The levy for the Cemetery is voted millage and the levy for the park is unvoted millage. During 2002 and 2001, the Cemetery received \$7,570 and \$7,216, respectively, and the Park received \$953 and \$1,015, respectively, in tax revenue from the residents of the Township. This money is reported as "Memo" only tax revenue and intergovernmental expenditures in the Special Revenue Grove Cemetery Fund and the Park Fund since it is distributed directly to the Cemetery and the Park by the Hardin County Auditor.

5. RETIREMENT SYSTEMS

The Township's 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.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

6. RISK POOL MEMBERSHIP

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. 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. Claims exceeding \$250,000 are reinsured with APEEP 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 \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

**GOSHEN TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. RISK POOL MEMBERSHIP (Continued)

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 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:

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$23,757,036	\$23,703,776
Liabilities	<u>9,197,512</u>	<u>(9,379,003)</u>
Retained earnings	<u>\$14,559,524</u>	<u>\$14,324,773</u>
<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$6,596,996	\$5,011,131
Liabilities	<u>(1,204,326)</u>	<u>(647,667)</u>
Retained earnings	<u>\$5,392,670</u>	<u>\$4,363,464</u>

7. RELATED PARTY TRANSACTION

A member of the Township's Trustees is on the Board of the Hardin Federal Credit Union, which is the financial institution that holds all of the Township's deposits.



**Auditor of State
Betty Montgomery**

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

Goshen Township
Hardin County
9264 Township Road 235
Kenton, OH 43326

To the Board of Trustees:

We have audited the financial statements of Goshen Township, Hardin County (the "Township") as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 27, 2003. 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 performed tests of 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 are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-001 through 2002-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 27, 2003.

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. The reportable condition is described in the accompanying schedule of findings as item 2002-005.

**Internal Control Over Financial Reporting
(Continued)**

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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 27, 2003.

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



Betty Montgomery
Auditor of State

May 27, 2003

**GOSHEN TOWNSHIP
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Rev. Code Section 135.03 states eligible depositories include national banks and banks defined in ORC 1101.01. **Ohio Revised Code Section 1101.01(B)** states that a "Bank" means a corporation that solicits, receives, or accepts money or its equivalent for deposit as a business, whether the deposit is made by check or is evidenced by a certificate of deposit, passbook, note, receipt, ledger card, or otherwise. "Bank" also includes a state bank or a corporation doing business as a bank or savings bank under authority granted by the bank regulatory authority of another state of the United States or another country, but does not include a savings association, savings bank, or credit union.

The Township had their demand accounts and certificate of deposits invested with a local credit union which is not an eligible depository.

The Township should only deposit money in eligible institutions.

FINDING NUMBER 2002-002

Noncompliance Citation

Ohio Rev. Code Section 5705.09 requires the establishment of a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose and a special fund for each special levy.

The Township passes a tax levy on behalf of Grove Cemetery Association for which receipts and disbursements are required to be reported as memorandum activity in a Township Special Revenue Fund. This memorandum activity should always result in a zero fund balance. The Township combined the financial activity of its own cemetery fund with that of the Grove Cemetery Association.

As a result of not complying with Ohio Rev. Code Section 5705.09, the Township was unable to identify that memorandum receipts and expenditures of the Grove Cemetery Association were not being netted to a zero balance. After the activity of these two Cemeteries were separated into two funds and the Grove Cemetery Association activity was netted to zero, the Township's own Cemetery Fund had a negative fund balance. This negative fund balance caused the Townships bank to book activity not to reconcile.

Monitoring procedures should be implemented not only to help assure compliance with the requirement, but to also help identify unreconciled bank to book balances. To help achieve this objective, the Trustees should periodically perform a detailed review of the bank to book reconciliations to help assure the accuracy of reported deposit and investment balances, outstanding check lists, and fund balances.

FINDING NUMBER 2002-003

Noncompliance Citation

Ohio Rev. Code Section 5705.38 states that on or about the first day of each fiscal year, an appropriation measure is to be passed. **Ohio Rev. Code Section 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated. During 2001 and 2002, the Township Trustees did not approve the annual appropriations resolution. Since there were no legal appropriations, expenditures exceeded appropriations in all funds.

The Township should implement monitoring procedures to help ensure that appropriations are approved as required by Ohio Rev. Code Section 5705.38. In addition, review procedures should be performed by the Township to help ensure that the budgeted amounts recorded in the accounting records represent what was approved by the Trustees.

FINDING NUMBER 2002-004

Noncompliance Citation

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

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, 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 can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such 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 less than \$1,000 for townships may be paid by the fiscal officer without such certificate 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.

Approximately eight (8%) percent of all transactions during the audit period were not certified by the Clerk/Treasurer prior to making orders for the expenditure of Township funds. In addition, neither of the two exceptions above was utilized for these transactions. Procedures should be implemented not only to help assure compliance with this requirement, but to help prevent the unauthorized obligation of Township funds.

FINDING NUMBER 2002-005

Reportable Condition

Issuance of Checks Prior to the Invoice Date and Gaps in the Numerical Sequence of Checks

To help assure accountability over expenditures, an entity should not issue checks until the goods or services have been provided and an invoice has been received. Eleven (11%) percent of the Township's expenditures had a check issue date which preceded the invoice date, which indicates that checks were written prior to receipt of an invoice. This practice could result in the payment of goods or services that will not be provided to the Township.

To help maintain physical accountability over checks issued, checks should be used in numerical sequence. A review of the payment register generated by the Township's accounting system revealed that checks were issued out of sequence. The failure to issue checks in numerical sequence inhibits the Trustee's ability to monitor the financial activity of the Township and may result in errors or irregularities occurring and not being detected in a timely manner.

The Township should periodically monitor expenditures to help ensure that checks are not being written until the goods or services and an invoice have been received. In addition, the Trustees should periodically review issued checks for numerical sequence.

**GOSHEN TOWNSHIP
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-40233-001	Ohio Rev. Code Sec. 135.03	No	Not corrected; repeated as Finding #2002-005
2000-40233-002	Ohio Rev. Code Sec. 5705.34	Yes	
2000-40233-003	Ohio Rev. Code Sec. 5705.36	Yes	
2000-40233-004	Ohio Rev. Code Sec. 5705.39	No	Appropriations not adopted. See related finding #2002-007



**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

GOSHEN TOWNSHIP

HARDIN 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 13, 2004**