



**Auditor of State
Betty Montgomery**

**GRANVILLE TOWNSHIP
LICKING COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Granville Township
Licking County
P.O. Box 315
Granville, Ohio 43023

To the Board of Trustees:

We have audited the accompanying financial statements of Granville Township, Licking County, Ohio, (the Township) as of and for the years ended December 31, 2003, and December 31, 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 § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 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 accounting principles generally accepted in the United States of America.

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

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In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 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 management, 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

June 21, 2004

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
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>Non- Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$171,715	\$1,622,638	\$0	\$1,794,353
Intergovernmental	102,989	344,732	0	447,721
Licenses, Permits, and Fees	37,866	27,149	0	65,015
Earnings on Investments	9,270	12,936	3,328	25,534
Other Revenue	4,777	69,914	0	74,691
	<u>326,617</u>	<u>2,077,369</u>	<u>3,328</u>	<u>2,407,314</u>
Total Cash Receipts				
	<u>326,617</u>	<u>2,077,369</u>	<u>3,328</u>	<u>2,407,314</u>
Cash Disbursements:				
Current:				
General Government	153,956	617,455	0	771,411
Public Works	0	553,078	0	553,078
Health	165,593	31,767	0	197,360
Conservation - Recreation	114,918	235,424	0	350,342
Capital Outlay	28,136	44,845	4,013	76,994
	<u>462,603</u>	<u>1,482,569</u>	<u>4,013</u>	<u>1,949,185</u>
Total Cash Disbursements				
	<u>462,603</u>	<u>1,482,569</u>	<u>4,013</u>	<u>1,949,185</u>
Total Receipts Over/(Under) Disbursements	<u>(135,986)</u>	<u>594,800</u>	<u>(685)</u>	<u>458,129</u>
Other Financing Receipts:				
Sale of Fixed Assets	0	206,004	0	206,004
	<u>0</u>	<u>206,004</u>	<u>0</u>	<u>206,004</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>(135,986)</u>	<u>800,804</u>	<u>(685)</u>	<u>664,133</u>
Fund Cash Balances, January 1	<u>336,951</u>	<u>1,261,765</u>	<u>184,230</u>	<u>1,782,946</u>
Fund Cash Balances, December 31	<u><u>\$200,965</u></u>	<u><u>\$2,062,569</u></u>	<u><u>\$183,545</u></u>	<u><u>\$2,447,079</u></u>
Reserve for Encumbrances, December 31	<u><u>\$50,000</u></u>	<u><u>\$925,975</u></u>	<u><u>\$0</u></u>	<u><u>\$975,975</u></u>

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

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
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>Non- Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$134,926	\$1,586,645	\$0	\$1,721,571
Intergovernmental	124,448	276,977	0	401,425
Licenses, Permits, and Fees	16,746	24,919	0	41,665
Earnings on Investments	13,406	16,351	4,916	34,673
Other Revenue	15,592	52,128	2,000	69,720
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	305,118	1,957,020	6,916	2,269,054
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	121,155	550,804	0	671,959
Public Works	300	431,774	0	432,074
Health	154,633	896	0	155,529
Conservation - Recreation	903	592,597	0	593,500
Capital Outlay	13,927	30,121	11,107	55,155
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	290,918	1,606,192	11,107	1,908,217
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	14,200	350,828	(4,191)	360,837
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	322,751	910,937	188,421	1,422,109
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$336,951</u>	<u>\$1,261,765</u>	<u>\$184,230</u>	<u>\$1,782,946</u>

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

**GRANVILLE TOWNSHIP
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Granville Township, Licking 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, cemetery maintenance, and contracts for fire protection and emergency medical services. The Township contracts with the Granville Volunteer Fire Department Inc. to provide fire services and ambulance services.

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in Star Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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:

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

**GRANVILLE TOWNSHIP
LICKING 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)

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

Special Levy (Fire) Fund - This fund receives property tax money to pay for fire protection and ambulance services for the Township from the Granville Volunteer Fire Department, Inc.

Recreation Commission Fund - This fund receives property tax money to fund recreational activities and maintain the facilities.

Open Space Preservation Fund - This fund receives property tax money for the purchase of land for space preservation.

Opera House Fund - This fund received insurance settlement money when the Opera House burned down. The money is now used primarily for the purchase of land for space preservation.

3. Fiduciary Fund (Non-Expendable Trust)

This fund is used to account for resources restricted by legally binding trust agreements. The Township had the following significant Fiduciary Fund:

Cemetery Bequest Fund - This fund is used for the perpetual care of the Township's cemeteries.

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 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

**GRANVILLE TOWNSHIP
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

3. Encumbrances

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

A summary of 2003 and 2002 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH

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
Demand deposits	\$1,863	\$4,049
STAR Ohio	2,445,216	1,778,897
Total deposits and investments	\$2,447,079	\$1,782,946

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investment in STAR Ohio is not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$286,419	\$326,617	\$40,198
Special Revenue	1,976,242	2,283,373	307,131
Non-Expendable Trust	2,000	3,328	1,328
Total	\$2,264,661	\$2,613,318	\$348,657

**GRANVILLE TOWNSHIP
LICKING 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	\$623,370	\$512,603	\$110,767
Special Revenue	3,236,008	2,408,544	827,464
Non-Expendable Trust	10,071	4,013	6,058
Total	\$3,869,449	\$2,925,160	\$944,289

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$204,309	\$305,118	\$100,809
Special Revenue	1,808,236	1,957,020	148,784
Non-Expendable Trust	4,000	6,916	2,916
Total	\$2,016,545	\$2,269,054	\$252,509

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$527,060	\$290,918	\$236,142
Special Revenue	2,719,173	1,606,192	1,112,981
Non-Expendable Trust	18,262	11,107	7,155
Total	\$3,264,495	\$1,908,217	\$1,356,278

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

**GRANVILLE TOWNSHIP
LICKING COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Kennedy/Rader Notes	\$980,000	6%
Wood Notes	565,000	7%
Joe White Bonds	109,000	4.5%
Jim White Bonds	87,000	4.5%
Homestead Farms Bonds	289,500	4.5%
Stevens Notes	100,000	3.25%
Total	<u>\$2,130,500</u>	

Four promissory notes were issued during 2001 to finance the purchase of land from James M. Kennedy and Benjamin W. Rader for Open Space Preservation. The Township will make monthly payments of interest to each lender for a term of five years, whereupon, the entire principal amount together with any accrued interest shall immediately be due and payable. However, the lenders may, at their option, extend the term of the note for an additional five years and the Township will continue the interest payments during the extended term.

Two promissory notes were issued during 2002 and 2003 to finance the purchase of land from Donald L. Wood and Richard Stevens respectively. The Township will make annual payments of interest to the lender for a term of four years, whereupon, the entire principal amount together with any accrued interest shall immediately be due and payable.

Three conservation easement acquisition bonds were issued during 2003 to finance the purchase of conservation easements from Joe White, Jim White, and Homestead Farms for the purpose of acquiring interests in real property to protect and preserve natural, scenic, open or wooded conditions of land, water or wet lands against modification and encroachment resulting from occupation, development or other use.

It should be noted that none of the above notes or bonds involved an exchange of cash. Each was issued in exchange for the rights to purchase land or conservation easement.

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

	<u>Promisory Notes - Kennedy</u>	<u>Promisory Notes - Rader</u>	<u>Promisory Notes - Wood</u>
Year ending December 31:			
2004	\$29,400	\$29,400	\$39,550
2005	29,400	29,400	39,550
2006	504,700	504,700	574,888
Total	<u>\$563,500</u>	<u>\$563,500</u>	<u>\$653,988</u>

**GRANVILLE TOWNSHIP
LICKING COUNTY**

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

5. DEBT (Continued)

	Joe White Bonds -	Jim White Bonds -	Homestead Farms Bonds -	Stevens Notes-
Year ending December 31:				
2004	\$19,905	\$24,215	\$13,028	\$3,250
2005	4,230	24,301	13,028	3,250
2006	4,230	24,243	65,928	3,250
2007	4,230	24,244	65,947	3,250
2008 – 2014	115,522	0	197,857	103,250
Total	<u>\$148,117</u>	<u>\$97,003</u>	<u>\$355,788</u>	<u>\$116,250</u>

6. RETIREMENT SYSTEM

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The 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. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- General liability and causality;
- Public official's liability; and
- Vehicle



Auditor of State Betty Montgomery

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

Granville Township
Licking County
P.O. Box 315
Granville, Ohio 43023

To the Board of Trustees:

We have audited the accompanying financial statements of Granville Township, Licking County, Ohio, (the Township) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated June 21, 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 21, 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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Granville Township
Licking County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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.

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

Betty Montgomery
Auditor of State

June 21, 2004

**GRANVILLE TOWNSHIP
LICKING COUNTY**

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

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

FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 (\$1,000 prior to April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

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

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

FINDING NUMBER 2003-001 (Continued)

Noncompliance Citation (Continued)

One hundred percent of the transactions tested were not certified by the fiscal officer at the time the commitment was incurred and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Clerk certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

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

**GRANVILLE TOWNSHIP
LICKING 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>
2001-40645-001	Revised Code 5705.41 (D), Certification of Funds Prior to Obligation	No	Reissued as Finding 2003-001



**Auditor of State
Betty Montgomery**

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GRANVILLE TOWNSHIP

LICKING 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
AUGUST 10, 2004**