



**Auditor of State  
Betty Montgomery**



**TWIN TOWNSHIP  
ROSS COUNTY**

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# Auditor of State Betty Montgomery

## INDEPENDENT ACCOUNTANTS' REPORT

Twin Township  
Ross County  
5 Jones Levee Road  
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited the accompanying financial statements of Twin Township, Ross 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 described 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 Twin Township, Ross County, Ohio, 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 August 2, 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 § 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

August 2, 2004

**TWIN TOWNSHIP  
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND FUDICIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>				<u>Non- Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
<b>Cash Receipts:</b>						
Local Taxes	\$37,145	\$94,737	\$10,708	\$0	\$0	\$142,590
Intergovernmental	67,240	103,451	0	24,700	0	195,391
Special Assessments	0	6,953	0	0	0	6,953
Licenses, Permits, and Fees	0	14,305	0	0	0	14,305
Earnings on Investments	1,643	234	0	0	302	2,179
Other Revenue	4,616	14,121	0	0	59	18,796
<b>Total Cash Receipts</b>	<u>110,644</u>	<u>233,801</u>	<u>10,708</u>	<u>24,700</u>	<u>361</u>	<u>380,214</u>
<b>Cash Disbursements:</b>						
Current:						
General Government	138,221	0	0	0	0	138,221
Public Safety	0	69,306	0	0	0	69,306
Public Works	3,736	159,018	0	24,700	0	187,454
Health	0	23,449	0	0	0	23,449
Supplies and Materials	0	0	0	0	49	49
Miscellaneous	0	0	0	0	6	6
Debt Service:						
Redemption of Principal	0	0	10,080	0	0	10,080
Interest and Fiscal Charges	0	0	613	0	0	613
Capital Outlay	5,500	10,314	0	0	0	15,814
<b>Total Cash Disbursements</b>	<u>147,457</u>	<u>262,087</u>	<u>10,693</u>	<u>24,700</u>	<u>55</u>	<u>444,992</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(36,813)</u>	<u>(28,286)</u>	<u>15</u>	<u>0</u>	<u>306</u>	<u>(64,778)</u>
<b>Other Financing Receipts and (Disbursements):</b>						
Transfers-In	0	27,000	0	0	0	27,000
Transfers-Out	(27,000)	0	0	0	0	(27,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(27,000)</u>	<u>27,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(63,813)	(1,286)	15	0	306	(64,778)
Fund Cash Balances, January 1	<u>91,594</u>	<u>97,361</u>	<u>0</u>	<u>0</u>	<u>8,854</u>	<u>197,809</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$27,781</b></u>	<u><b>\$96,075</b></u>	<u><b>\$15</b></u>	<u><b>\$0</b></u>	<u><b>\$9,160</b></u>	<u><b>\$133,031</b></u>

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

**TWIN TOWNSHIP  
ROSS COUNTY**

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

	<u>Governmental Fund Types</u>				<u>Non- Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
<b>Cash Receipts:</b>						
Local Taxes	\$36,239	\$91,479	\$10,708	\$0	\$0	\$138,426
Intergovernmental	132,637	96,583	0	18,357	0	247,577
Special Assessments	0	7,015	0	0	0	7,015
Licenses, Permits, and Fees	0	13,200	0	0	0	13,200
Earnings on Investments	2,240	232	0	0	313	2,785
Other Revenue	1,359	35,795	0	0	0	37,154
<b>Total Cash Receipts</b>	<u>172,475</u>	<u>244,304</u>	<u>10,708</u>	<u>18,357</u>	<u>313</u>	<u>446,157</u>
<b>Cash Disbursements:</b>						
Current:						
General Government	114,570	0	0	0	0	114,570
Public Safety	0	46,338	0	0	0	46,338
Public Works	3,000	121,152	0	18,357	0	142,509
Health	0	20,608	0	0	0	20,608
Miscellaneous	0	0	0	0	128	128
Debt Service:						
Redemption of Principal	0	0	8,970	0	0	8,970
Interest and Fiscal Charges	0	0	1,738	0	0	1,738
Capital Outlay	0	45,805	0	0	29	45,834
<b>Total Cash Disbursements</b>	<u>117,570</u>	<u>233,903</u>	<u>10,708</u>	<u>18,357</u>	<u>157</u>	<u>380,695</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>54,905</u>	<u>10,401</u>	<u>0</u>	<u>0</u>	<u>156</u>	<u>65,462</u>
<b>Other Financing Receipts and (Disbursements):</b>						
Transfers-In	0	3,000	0	0	0	3,000
Transfers-Out	(3,000)	0	0	0	0	(3,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(3,000)</u>	<u>3,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	51,905	13,401	0	0	156	65,462
Fund Cash Balances, January 1	<u>39,689</u>	<u>83,960</u>	<u>0</u>	<u>0</u>	<u>8,698</u>	<u>132,347</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$91,594</b></u>	<u><b>\$97,361</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$8,854</b></u>	<u><b>\$197,809</b></u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$932</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$932</u>

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



**TWIN TOWNSHIP  
ROSS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Twin Township, Ross County, Ohio, (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, fire protection and emergency medical 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**

Certificates of deposit are valued at cost.

**D. 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 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.

*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 and other State grants to provide fire protection for the residents of the Township.

**TWIN TOWNSHIP  
ROSS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following Debt Service fund:

*Note Retirement Fund* – This fund receives property tax money for the retirement of a Dump Truck Note. The last payment for the Dump Truck Note was made in December, 2003.

**4. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Project Funds:

*Issue II Fund* – This fund accounts for on-behalf payments for Issue II grant monies the Ross County Engineer receives to reconstruct and repair roads within the Township.

*Community Development Block Grant (CDBG) Fund* – This fund accounts for on-behalf payments for grant monies the Ross County Engineer receives to reconstruct and repair roads within the Township from CDBG funding.

**5. Fiduciary Fund (Trust Fund)**

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

*Non-Expendable Trust Fund* – This fund earns interest from a cemetery bequest for the upkeep of specific cemetery lots.

**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. 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.

**TWIN TOWNSHIP  
ROSS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**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.

**2. EQUITY IN POOLED CASH**

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

	2003	2002
Demand deposits	\$125,086	\$189,864
Certificates of deposit	7,945	7,945
Total deposits	\$133,031	\$197,809

**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.

**3. BUDGETARY ACTIVITY**

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

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$110,644	\$110,644	\$0
Special Revenue	260,801	260,801	0
Debt Service	10,708	10,708	0
Capital Projects	24,700	24,700	0
Fiduciary	302	361	59
Total	\$407,155	\$407,214	\$59

**TWIN TOWNSHIP  
ROSS 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	\$122,903	\$174,457	(\$51,554)
Special Revenue	272,782	262,087	10,695
Debt Service	10,708	10,693	15
Capital Projects	0	24,700	(24,700)
Fiduciary	700	55	645
Total	\$407,093	\$471,992	(\$64,899)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$172,475	\$172,475	\$0
Special Revenue	247,304	247,304	0
Debt Service	10,708	10,708	0
Capital Projects	0	18,357	18,357
Fiduciary	313	313	0
Total	\$430,800	\$449,157	\$18,357

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$78,278	\$120,570	(\$42,292)
Special Revenue	305,544	234,835	70,709
Debt Service	10,708	10,708	0
Capital Projects	0	18,357	(18,357)
Fiduciary	0	157	(157)
Total	\$394,530	\$384,627	\$9,903

Contrary to Ohio law, budgetary expenditures exceeded appropriations in several funds.

**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.

**TWIN TOWNSHIP  
ROSS COUNTY**

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

**4. PROPERTY TAX (Continued)**

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 employees, as well as the Township Clerk and the Board of Trustees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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. OPERS members 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 contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures with A- VII or better rated carriers, except for a 5% portion the Plan retains. With policies effective September 1, 2003 and after, The Plan pays the lesser of 5% or \$25,000 for casualty losses up to the coverage limit and the lesser of 5% or \$50,000 for property losses up to the coverage limit. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

	<b>2003</b>	<b>2002</b>
Assets	\$5,402,167	\$5,584,592
Liabilities	(1,871,123)	(2,441,793)
Members' Equity	\$3,531,044	\$3,142,799

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**TWIN TOWNSHIP  
ROSS COUNTY**

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

**7. JOINTLY GOVERNED ORGANIZATION**

The Township Board of Trustees appoints one individual to be a board member for the Pleasant Valley Regional Sewer District, Ross County (the District). The District is directed by an appointed five-member Board. The District provides sewer services to Twin Township residents and four other area subdivisions. A representative from each subdivision is appointed to the Pleasant Valley Regional Sewer District Board for a term of four years.

The Township has no ongoing financial interest or ongoing financial responsibility with the District.

**8. SUBSEQUENT EVENT**

Subsequent to December 31, 2003, the Township has been named as a defendant in a lawsuit. The legal proceedings are not expected to have a material adverse financial impact on the Township.



## Auditor of State Betty Montgomery

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

Twin Township  
Ross County  
5 Jones Levee Road  
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited the accompanying financial statements of Twin Township, Ross 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 August 2, 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 directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express 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 and 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to the Township's management in a separate letter dated August 2, 2004.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting 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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However, we 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 August 2, 2004.

This report is intended solely for the information and use of the 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

August 2, 2004



**TWIN TOWNSHIP  
ROSS COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	2003-001
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**Material Non-Compliance**

**Budgetary Expenditures Exceeded Appropriations**

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been properly appropriated.

Expenditures exceeded appropriations at the fund level as follows:

Date	Fund	Appropriation Authority	Budgetary Expenditures	Variance
12/31/2002	General	\$ 78,278	\$ 120,570	\$ (42,292)
12/31/2002	Non-Expendable Trust	0	157	(157)
12/31/2003	General	122,903	174,457	(51,554)
12/31/2003	Road and Bridge	61,000	75,899	(14,899)
12/31/2003	Capital Projects	0	24,700	(24,700)

Expenditures also exceeded appropriations at the object level, the Township's legal level of control, for various accounts in 2002 and 2003.

Failure to timely amend appropriations and to make expenditures in excess of these appropriations could cause the Township to deficit spend.

We recommend the Township only expend within legally approved appropriations as required by law.

<b>Finding Number</b>	2003-002
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**Material Non-Compliance**

**Certifying Funds Prior to Expenditure**

Ohio Rev. Code Section 5705.41 (D) (1) provides no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

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.

**TWIN TOWNSHIP  
ROSS COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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<b>Finding Number</b>	2003-002
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**Material Non-Compliance**

**Certifying Funds Prior to Expenditure (Continued)**

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 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 requirements 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 specific recurring and reasonably predictable operating expenses. 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.

Forty-four percent of the expenditures tested were not certified at the time of the obligation. Then and Now Certificates were not issued for the transactions that were not certified.

We recommend the Clerk ensure funds are certified as available prior to the obligation through the issuance of a purchase order containing appropriate certification, or through the use of then and now certificates or so-called blanket or super blanket certificates as further permitted by Sections 5705.41(D)(1) and 5705.41(D)(3).



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Betty Montgomery**

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**TWIN TOWNSHIP  
ROSS 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  
NOVEMBER 4, 2004**