



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**GRANVILLE TOWNSHIP  
MERCER COUNTY**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Granville Township  
Mercer County  
141 South Walnut Street  
St. Henry, OH 45883

To the Board of Trustees:

We have audited the accompanying financial statements of Granville Township, (the Township), Mercer County, as of and for the years ended December 31, 2001 and December 31, 2000. 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 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 of the Township as of December 31, 2001 and December 31, 2000, 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 August 5, 2002 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, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

August 5, 2002

**GRANVILLE TOWNSHIP  
MERCER 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$17,032	\$188,949		\$205,981
Intergovernmental	49,598	86,101	\$23,777	159,476
Licenses, Permits, and Fees	1,415			1,415
Earnings on Investments	1,219	403		1,622
Other Revenue	212	5,920		6,132
	<u>69,476</u>	<u>281,373</u>	<u>23,777</u>	<u>374,626</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	57,504			57,504
Public Safety		152,830		152,830
Public Works		110,126		110,126
Health	4,635			4,635
Debt Service:				
Redemption of Principal	1,314	14,882		16,196
Interest and Fiscal Charges	196	1,725		1,921
Capital Outlay		5,194	25,948	31,142
	<u>63,649</u>	<u>284,757</u>	<u>25,948</u>	<u>374,354</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	5,827	(3,384)	(2,171)	272
Fund Cash Balances, January 1	19,558	28,175	2,171	49,904
<b>Fund Cash Balances, December 31</b>	<u>\$25,385</u>	<u>\$24,791</u>	<u>\$0</u>	<u>\$50,176</u>

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

**GRANVILLE TOWNSHIP  
MERCER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$16,040	\$169,306		\$185,346
Intergovernmental	49,191	87,868		137,059
Licenses, Permits, and Fees	650			650
Earnings on Investments	1,688	244		1,932
Other Revenue	3,991	655		4,646
	<u>71,560</u>	<u>258,073</u>		<u>329,633</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	48,926			48,926
Public Safety		139,414		139,414
Public Works		110,513		110,513
Health	4,738			4,738
Debt Service:				
Redemption of Principal	7,745			7,745
Interest and Fiscal Charges	1,314			1,314
Capital Outlay		5,700	\$68,817	74,517
	<u>62,723</u>	<u>255,627</u>	<u>68,817</u>	<u>387,167</u>
Total Cash Disbursements				
	<u>62,723</u>	<u>255,627</u>	<u>68,817</u>	<u>387,167</u>
Total Receipts Over/(Under) Disbursements	<u>8,837</u>	<u>2,446</u>	<u>(68,817)</u>	<u>(57,534)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Notes			50,000	50,000
Sale of Fixed Assets		2,400		2,400
Transfers-In			20,988	20,988
Transfers-Out			(20,988)	(20,988)
			<u>50,000</u>	<u>52,400</u>
Total Other Financing Receipts/(Disbursements)		<u>2,400</u>	<u>50,000</u>	<u>52,400</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	8,837	4,846	(18,817)	(5,134)
Fund Cash Balances, January 1	<u>10,721</u>	<u>23,329</u>	<u>20,988</u>	<u>55,038</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$19,558</u></u>	<u><u>\$28,175</u></u>	<u><u>\$2,171</u></u>	<u><u>\$49,904</u></u>

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

**GRANVILLE TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Granville Township, Mercer 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, fire protection and emergency medical services. The Township contracts with the St. Henry Fire Department and Burkettsville Fire Department to provide fire services and Mercer County Emergency Medical Services to provide 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**

The Township has no interest in investments.

**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.

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

**Fire Special Levy** – This fund receives tax levy monies to pay for fire services.

**GRANVILLE TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(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 funds

**Issue II Fund** - The Township received a grant from the State of Ohio to replace a culvert on Huwer Road.

**Equipment Fund** – The fund accounted for the proceeds of debt and the purchase of a tractor.

**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 2001 and 2000 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.

**GRANVILLE TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**2. EQUITY IN POOLED CASH**

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

	2001	2000
Demand deposits	\$50,176	\$49,904

**Deposits:** Deposits are either (1) insured by the Federal Depository 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, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$66,121	\$69,476	\$3,355
Special Revenue	289,401	281,373	(8,028)
Capital Projects	0	23,777	23,777
Total	\$355,522	\$374,626	\$19,104

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$80,668	\$63,649	\$17,019
Special Revenue	312,578	284,757	27,821
Capital Projects	2,171	25,948	(23,777)
Total	\$395,417	\$374,354	\$21,063

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$58,214	\$71,560	\$13,346
Special Revenue	265,309	260,473	(4,836)
Capital Projects	206	70,988	70,782
Total	\$323,729	\$403,021	\$79,292

**GRANVILLE TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$68,935	\$62,723	\$6,212
Special Revenue	288,639	255,627	33,012
Capital Projects	21,194	89,805	(68,611)
Total	\$378,768	\$408,155	(\$29,387)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Capital Project Fund by \$68,611 during 2000 and \$23,777 during 2001.

**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. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Commercial Loan	\$26,059	5.4%

The loan was issued to finance the purchase of a new truck to be used for Township road maintenance. The loan is collateralized by the truck and the Township's taxing authority. Amortization of the above debt, including interest, is scheduled as follows:

	Commercial Loan
Year ending December 31:	
2002	\$16,608
2003	10,569
Total	\$27,177

**GRANVILLE TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. 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. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**7. RISK POOL MANAGEMENT**

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.

**A. Casualty Coverage**

OTARMA retains casualty risks up to \$250,000 per occurrence. 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, which the General Reinsurance Corporation will reinsure.

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.

**B. Property Coverage**

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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.

**C. Financial Position**

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31:

**GRANVILLE TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**7. RISK POOL MANAGEMENT (Continued)**

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>
<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>



STATE OF OHIO  
OFFICE OF THE AUDITOR

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

Granville Township  
Mercer County  
141 South Walnut Street  
St. Henry, OH 45883

To the Board of Trustees:

We have audited the accompanying financial statements of Granville Township, Mercer County (the Township), as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated August 5, 2002. 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 2001-40254-001 to 2001-40254-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 5, 2002.

**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. 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 management of the Township in a separate letter dated August 5, 2002.

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

This report is intended 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

August 5, 2002

**GRANVILLE TOWNSHIP  
MERCER COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-40254-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 505.262(A)**, notwithstanding division (D) of Section 505.37 of the Revised Code or any other statute of this state, the board of township trustees of any township, by unanimous vote, may adopt a resolution allowing the township to contract for the purchase of equipment, buildings, and sites, or for the construction of buildings, for any lawful township purpose. The board may issue, by resolution adopted by unanimous vote, securities of the township to finance purchases and construction made pursuant to this division. The securities shall be signed by the board and attested by the signature of the township clerk, and the maximum maturity of those securities is subject to the limitations in Section 133.20 of the Revised Code. The securities shall bear interest not to exceed the rate determined as provided in Section 9.95 of the Revised Code and shall not be subject to Chapter 133 of the Revised Code. The resolution authorizing the issuance of the securities shall provide for levying and collecting annually by taxation, amounts sufficient to pay the interest on and principal of the securities. The securities may contain a clause permitting prepayment at the option of the board. Securities shall be offered for sale on the open market or given to the vendor or contractor if no sale is made. No purchase or construction pursuant to division (A) of this Section shall be undertaken unless the county auditor certifies that, if the purchase or construction is undertaken, the debt service charge for the purchase or construction in the first year, together with the debt service charge for that same year for any other purchase or construction already undertaken pursuant to division (A) of this Section, does not exceed one-tenth of the township's total revenue from all sources. If the county auditor so certifies, in every year of the debt after the first year, the county budget commission shall include a debt charge in the township's annual tax budget submitted pursuant to Sections 5705.01 to 5705.47 of the Revised Code sufficient to meet the annual debt incurred pursuant to division (A) of this Section, if such debt charge is omitted from the budget. **Ohio Rev. Code Section 5549.021** states a board of township trustees may purchase machinery, tools, trucks and other equipment for use in constructing, maintaining, and repairing roads and, subject to Chapter 133 of the Revised Code, may issue for that purpose general obligation bonds of the township for which the full faith and credit of the township shall be pledged.

The township obtained a commercial loan during July 2000 in the amount of \$50,000 from a local bank to purchase a truck rather than issue securities or general obligation bonds as provided.

The Township should consult with their legal advisor and bond counsel prior to the issuance of any debt issue.

**FINDING NUMBER 2001-40254-002**

**Noncompliance Citation**

**Ohio Rev. Code Sections 5705.14** states that except in the case of transfers from the general fund, transfers can be made only by resolution of the taxing authority passed with the affirmative vote of two thirds of the members.

The Board of Trustees did not approve the \$20,988 transfer of the balance of the Capital Equipment Fund to the Misc. Capital Project fund during 2000.

The Board should approve all transfers and note the approval in the minutes.

**FINDING NUMBER 2001-40254-003**

**Noncompliance Citation**

**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, expenditures exceeded appropriations in the Issue II Capital Project fund by \$23,777. In addition, a few line items in the General fund also exceeded appropriations at the legal level of control. During 2000, expenditures exceeded appropriations in the following funds and accounts: Road and Bridge Salaries all other Township Staff by \$417, Liability Insurance by \$1,345 and the Capital Projects Fund Machinery, Equipment, and Furniture by \$20,988 and Miscellaneous Capital Projects Fund Machinery, Equipment and Furniture by \$47,623.

The Township should implement procedures to help ensure that funds are properly appropriated by the Board to prevent possible deficit spending and to help avoid noncompliance with this Ohio Revised Code Section. Issue II monies should be appropriated.

**FINDING NUMBER 2001-40254-004**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(D)** states that no subdivision shall make 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 of an appropriated fund free from any previous encumbrance. Further, contracts and order for expenditures lacking prior certification should be considered null and void. If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

In thirteen (13) percent of the invoices tested, the date of the invoice preceded the date of the purchase order or blanket certificate date. These transactions represented 86.4% of the dollar value of transactions tested. There was evidence that the Board of Trustees approved the expenditure by formal resolution within thirty days, however, there was no evidence of subsequent certification (then and now certification) by the fiscal officer and authorization by the board of trustees.

The Township should review Ohio Rev. Code Section 5705.41(D) and implement procedures for certification of funds. The Township should obtain the required certification prior to obligating Township funds when practicable. The exceptions should be used when prior certification is not practicable.

**FINDING NUMBER 2001-40254-005**

**Ohio Const. Art. VIII, Section 6**, prohibits raising money for or lending a township's credit to or in aid of, any company, corporation or association. The Township provided a written guarantee of payment to the bank for a loan made to the St. Henry Fire Department, a volunteer fire association. The loan is to be issued for a fire truck for 10 years or less and not to exceed \$290,000. The Township should consult legal and bond counsel prior to providing any guarantees of payment or issuing any debt.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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**GRANVILLE TOWNSHIP**

**MERCER 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  
SEPTEMBER 3, 2002**