



**Auditor of State  
Betty Montgomery**



**GREENSBURG TOWNSHIP  
PUTNAM COUNTY**

TABLE OF CONTENTS

| TITLE  | PAGE |
|--|------|
| Independent Accountants' Report.....   | 1    |
| Combined Statement of Cash Receipts, Cash Disbursements, and<br>Changes in Fund Cash Balances - All Governmental Fund Types -<br>For the Year Ended December 31, 2003..... | 3    |
| Combined Statement of Cash Receipts, Cash Disbursements, and<br>Changes in Fund Cash Balances - All Governmental Fund Types -<br>For the Year Ended December 31, 2002..... | 4    |
| Notes to the Financial Statements.....   | 5    |
| Independent Accountants' Report on Compliance and on Internal<br>Control Required by <i>Government Auditing Standards</i> .....  | 11   |
| Schedule of Findings.....  | 13   |

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Greensburg Township  
Putnam County  
14013 Road H-13  
Ottawa, Ohio 45875-9660

To the Board of Trustees:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 and reserves for encumbrances of the Township as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 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

March 3, 2004

**GREENSBURG TOWNSHIP  
PUTNAM COUNTY**

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

|  | <u>Governmental Fund Types</u> |                            | Totals<br>(Memorandum<br>Only) |
|--|--------------------------------|----------------------------|--------------------------------|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> |                                |
| <b>Cash Receipts:</b>                            |                                |                            |                                |
| Local Taxes                                      | \$ 25,668                      | \$ 81,990                  | \$ 107,658                     |
| Intergovernmental                                | 37,975                         | 82,486                     | 120,461                        |
| Licenses, Permits, and Fees                      | 1,395                          | -                          | 1,395                          |
| Earnings on Investments                          | 2,674                          | 944                        | 3,618                          |
| Other Revenue                                    | 1,437                          | 6,909                      | 8,346                          |
|  | <u>69,149</u>                  | <u>172,329</u>             | <u>241,478</u>                 |
| <b>Total Cash Receipts</b>                       |                                |                            |                                |
| <b>Cash Disbursements:</b>                       |                                |                            |                                |
| Current:   |                                |                            |                                |
| General Government                               | 63,769                         | -                          | 63,769                         |
| Public Safety                                    | -                              | 17,108                     | 17,108                         |
| Public Works                                     | 300                            | 109,208                    | 109,508                        |
| Health   | 1,403                          | -                          | 1,403                          |
| Capital Outlay                                   | 5,200                          | 29,898                     | 35,098                         |
|  | <u>70,672</u>                  | <u>156,214</u>             | <u>226,886</u>                 |
| <b>Total Cash Disbursements</b>                  |                                |                            |                                |
| <b>Total Receipts Over/(Under) Disbursements</b> | (1,523)                        | 16,115                     | 14,592                         |
| <b>Fund Cash Balances, January 1</b>             | <u>111,508</u>                 | <u>139,959</u>             | <u>251,467</u>                 |
| <b>Fund Cash Balances, December 31</b>           | <u><u>\$ 109,985</u></u>       | <u><u>\$ 156,074</u></u>   | <u><u>\$ 266,059</u></u>       |
| <b>Reserve for Encumbrances, December 31</b>     | <u><u>\$ -</u></u>             | <u><u>\$ 14,936</u></u>    | <u><u>\$ 14,936</u></u>        |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**GREENSBURG TOWNSHIP  
PUTNAM 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<br>(Memorandum<br>Only) |
|--|--------------------------------|----------------------------|--------------------------------|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> |                                |
| <b>Cash Receipts:</b>                        |                                |                            |                                |
| Local Taxes                                  | \$ 25,319                      | \$ 78,693                  | \$ 104,012                     |
| Intergovernmental                            | 52,144                         | 76,644                     | 128,788                        |
| Licenses, Permits, and Fees                  | 1,190                          | -                          | 1,190                          |
| Earnings on Investments                      | 4,499                          | 1,952                      | 6,451                          |
| Other Revenue                                | 4,442                          | 5,816                      | 10,258                         |
|  | <u>87,594</u>                  | <u>163,105</u>             | <u>250,699</u>                 |
| <b>Total Cash Receipts</b>                   |                                |                            |                                |
| <b>Cash Disbursements:</b>                   |                                |                            |                                |
| Current:                                     |                                |                            |                                |
| General Government                           | 64,182                         | -                          | 64,182                         |
| Public Safety                                | 12,000                         | 47,175                     | 59,175                         |
| Public Works                                 | 600                            | 112,511                    | 113,111                        |
| Health                                       | 1,102                          | -                          | 1,102                          |
|  | <u>77,884</u>                  | <u>159,686</u>             | <u>237,570</u>                 |
| <b>Total Cash Disbursements</b>              |                                |                            |                                |
| <b>Total Receipts Over Disbursements</b>     | 9,710                          | 3,419                      | 13,129                         |
| <b>Fund Cash Balances, January 1</b>         | <u>101,798</u>                 | <u>136,540</u>             | <u>238,338</u>                 |
| <b>Fund Cash Balances, December 31</b>       | <u><b>\$ 111,508</b></u>       | <u><b>\$ 139,959</b></u>   | <u><b>\$ 251,467</b></u>       |
| <b>Reserve for Encumbrances, December 31</b> | <u><b>\$ -</b></u>             | <u><b>\$ 8,148</b></u>     | <u><b>\$ 8,148</b></u>         |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT



**GREENSBURG TOWNSHIP  
PUTNAM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Greensburg Township, Putnam 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 Miller City Volunteer Fire Department and the Villages of Glandorf, Kalida and Continental to provide fire protection 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. 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.

**GREENSBURG TOWNSHIP  
PUTNAM COUNTY**

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

**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.

Road District Fund - This fund receives property tax money to pay for constructing, maintaining and repairing Township roads.

**D. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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.

**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. The

**GREENSBURG TOWNSHIP  
PUTNAM COUNTY**

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

budgetary presentations have been adjusted to include material items that should have been encumbered.

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

**E. 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 | \$266,059 | \$251,467 |

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

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

| 2003 Budgeted vs. Actual Receipts |                      |                    |          |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
| General                           | \$ 68,000            | \$ 69,149          | \$ 1,149 |
| Special Revenue                   | 165,240              | 172,329            | 7,089    |
| Total                             | \$ 233,240           | \$ 241,478         | \$ 8,238 |

**GREENSBURG TOWNSHIP  
PUTNAM COUNTY**

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

2003 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type       | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance          |
|-----------------|----------------------------|---------------------------|-------------------|
| General         | \$ 179,509                 | \$ 70,672                 | \$ 108,837        |
| Special Revenue | 305,199                    | 171,150                   | 134,049           |
| Total           | <u>\$ 484,708</u>          | <u>\$ 241,822</u>         | <u>\$ 242,886</u> |

2002 Budgeted vs. Actual Receipts

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance         |
|-----------------|----------------------|--------------------|------------------|
| General         | \$ 67,889            | \$ 87,594          | \$ 19,705        |
| Special Revenue | 160,523              | 163,105            | 2,582            |
| Total           | <u>\$ 228,412</u>    | <u>\$ 250,699</u>  | <u>\$ 22,287</u> |

2002 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type       | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance          |
|-----------------|----------------------------|---------------------------|-------------------|
| General         | \$ 169,687                 | \$ 77,884                 | \$ 91,803         |
| Special Revenue | 297,064                    | 167,834                   | 129,230           |
| Total           | <u>\$ 466,751</u>          | <u>\$ 245,718</u>         | <u>\$ 221,033</u> |

The Township had \$8,148 and \$14,936 in outstanding purchase commitments at December 31, 2002 and 2003, respectively that were not certified until 2003 and 2004. In addition, expenditures exceeded appropriations by \$3,824 in the Fire District Fund at December 31, 2002.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 proceeding 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

**GREENSBURG TOWNSHIP  
PUTNAM COUNTY**

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

payments, 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, 2003 was \$10,000

The Township is purchasing the land that the Township house is located on by land contract. The Township is to make three annual payments of \$5,000 with the first due and paid in 2003.

**6. RETIREMENT SYSTEMS**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS are 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 2003 and 2002, members of OPERS contributed 8.5 percent of their gross salaries. The Township contributed an amount equal to 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Vehicles; and
- Inland Marine.

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**Auditor of State  
Betty Montgomery**

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

Greensburg Township  
Putnam County  
14013 Road H-13  
Ottawa, Ohio 45875-9660

To the Board of Trustees:

We have audited the accompanying financial statements of Greensburg Township, Putnam County, (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 3, 2004. 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 2003-01.

**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 2003-02.

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 believe the reportable condition described above is not a material weakness. We also noted another 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 March 3, 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.



**Betty Montgomery**  
Auditor of State

March 3, 2004



**GREENSBURG TOWNSHIP  
PUTNAM COUNTY**

SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2003-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(D) states that no subdivision or taxing unit 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. Further, contracts and orders for expenditures lacking prior certification should be considered null and void.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, the Board may authorize the issuance of a check in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
  
- B. If the amount involved is less than \$1000 (\$3,000 effective April 2003), the fiscal officer may authorize it to be paid without the affirmation of the Board, if such expenditure is otherwise valid.

The Township had \$8,148 and \$14,936 in outstanding purchase commitments at December 31, 2002 and 2003, respectively, that were not certified until 2003 and 2004. As a result these disbursements were inappropriately charged against the 2003 and 2004 appropriations. In addition, none of the Township's disbursements were certified prior to the commitment being made, they were certified using a then and now certification. The accompanying financial statements have been adjusted to include the \$8,148 and \$14,936 as outstanding encumbrances at year end. This caused expenditures to exceed appropriations by \$3,824 in the Fire District Fund at December 31, 2002, contrary to Ohio Revised Code § 5705.41(B) which requires all expenditures to be appropriated.

Certification is not only required by Ohio law but is a key control in the disbursement process to assure purchase commitments receive prior approval, and to help reduce the possibility of Township funds being over expended or exceeding budgetary spending limitations as set by the Trustees. To improve controls over disbursements, we recommend all Township disbursements receive prior certification of the Treasurer and the Trustees periodically review the expenditures made to ensure they are within the appropriations adopted by the Trustees, certified by the Clerk and recorded against appropriations.

### **FINDING NUMBER 2003-002**

#### **Reportable Condition**

##### Road Contracts

The road paving project expenditures in 2003 and 2002 exceeded the original bids due to additional work performed, however, the billing did not support the amount of the additional work performed and the Trustees did not approve change orders for the additional work. In addition, there was no formal agreement entered into that included pertinent information such as prevailing wage provisions. This could result in incomplete contracts or work being performed that was not intended by the Trustees and could result in future findings for recovery if records do not support the approval of additional work performed and a separate billing for the additional work. We recommend contracts be written for all transactions required to be bid, complete records of such contracts be maintained, invoices for road work include a detail of the original work bid and all additional work performed, with no additional work being performed without documented approval by the Township Trustees.



**Auditor of State  
Betty Montgomery**

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**GREENSBURG TOWNSHIP**

**PUTNAM 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  
APRIL 6, 2004**