

**THORN TOWNSHIP
PERRY COUNTY**

**FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003**



**Auditor of State
Betty Montgomery**

Board of Trustees
Thorn Township
11274 Bruno Road NW
Thornville, Ohio 43076

We have reviewed the *Independent Auditor's Report* of Thorn Township, Perry County, prepared by Jones, Cochenour & Co., for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Thorn Township, Perry County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

November 1, 2005

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**THORN TOWNSHIP
PERRY COUNTY**

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INDEPENDENT AUDITORS' REPORT

Thorn Township
Thornville, OH

We have audited the accompanying financial statements of Thorn Township, Perry County, (the "Township") as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of American (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township had elected not to reformat its statements. Since this Township does not use GAAP to measure financial statements amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or its change in financial position or cash flows of its proprietary funds for the year then ended.

Also, 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, 2004 and 2003, and its combined receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2005 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reports and compliance, and the results of that testing. 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 assessing the results of our audit.

A handwritten signature in black ink that reads "Jones, Cochenour & Co." with a stylized flourish at the end.

Jones, Cochenour & Co.
August 25, 2005

THORN TOWNSHIP, PERRY COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES – ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Type</u> <u>Expendable</u> <u>Trust</u>	
CASH RECEIPTS				
Property and other local taxes	\$ 44,061	\$ 223,702	\$ -	\$ 267,763
Charges for services	-	5,221	-	5,221
Licenses, permits, and fees	29,107	-	-	29,107
Intergovernmental	30,575	122,884	-	153,459
Earnings on investments	2,191	828	22	3,041
Loan proceeds	-	99,185	-	99,185
Other revenue	8,577	26,276	-	34,853
	<u>114,511</u>	<u>478,096</u>	<u>22</u>	<u>592,629</u>
TOTAL CASH RECEIPTS				
CASH DISBURSEMENTS				
Current:				
General government	108,998	-	-	108,998
Public safety	2,229	82,379	-	84,608
Public works	-	152,630	-	152,630
Health	1,669	-	-	1,669
Capital outlay	-	143,465	-	143,465
Debt service:				
Redemption of principal	5,928	38,580	-	44,508
Intrest and other fiscal charges	795	5,615	-	6,410
	<u>119,619</u>	<u>422,669</u>	<u>-</u>	<u>542,288</u>
TOTAL CASH DISBURSEMENTS				
TOTAL RECEIPTS				
OVER/(UNDER) DISBURSEMENTS				
	<u>(5,108)</u>	<u>55,427</u>	<u>22</u>	<u>50,341</u>
OTHER FINANCING				
RECEIPTS/(DISBURSEMENTS)				
Other financing sources	-	1,409	-	1,409
Other financing uses	-	(2,111)	-	(2,111)
	<u>-</u>	<u>(702)</u>	<u>-</u>	<u>(702)</u>
TOTAL OTHER FINANCING				
RECEIPTS/(DISBURSEMENTS)				
Excess of cash receipts and other financing				
Receipts over/(under) cash disbursements and other financing disbursements	(5,108)	54,725	22	49,639
FUND CASH BALANCES, JANUARY 1, 2004	<u>134,642</u>	<u>294,334</u>	<u>7,386</u>	<u>436,362</u>
FUND CASH BALANCES, DECEMBER 31, 2004	<u>\$ 129,534</u>	<u>\$ 349,059</u>	<u>\$ 7,408</u>	<u>\$ 486,001</u>

See accompanying notes to the basic financial statements

THORN TOWNSHIP, PERRY COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES – ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	Fiduciary Fund Type	
			<u>Expendable Trust</u>	
CASH RECEIPTS				
Property and other local taxes	\$ 43,111	\$ 219,154	\$ -	\$ 262,265
Charges for services	-	3,366	-	3,366
Licenses, permits, and fees	10,360	-	-	10,360
Intergovernmental	34,623	128,532	-	163,155
Earnings on investments	2,325	598	53	2,976
Other revenue	3,896	16,512	-	20,408
TOTAL CASH RECEIPTS	94,315	368,162	53	462,530
CASH DISBURSEMENTS				
Current:				
General government	88,696	-	-	88,696
Public safety	2,104	86,651	-	88,755
Public works	14,613	117,469	-	132,082
Health	1,640	-	-	1,640
Capital outlay	-	25,000	-	25,000
Debt service:				
Redemption of principal	18,053	37,196	-	55,249
Interest and other fiscal charges	2,018	6,998	-	9,016
TOTAL CASH DISBURSEMENTS	127,124	273,314	-	400,438
TOTAL RECEIPTS OVER/(UNDER) DISBURSEMENTS	(32,809)	94,848	53	62,092
OTHER FINANCING RECEIPTS/(DISBURSEMENTS)				
Other financing sources	-	3,600	-	3,600
Other financing uses	-	(1,121)	-	(1,121)
TOTAL OTHER FINANCING RECEIPTS/(DISBURSEMENTS)	-	2,479	-	2,479
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(32,809)	97,327	53	64,571
FUND CASH BALANCES, JANUARY 1, 2003	167,451	197,007	7,333	371,791
FUND CASH BALANCES, DECEMBER 31, 2003	\$ 134,642	\$ 294,334	\$ 7,386	\$ 436,362

See accompanying notes to the basic financial statements

THORN TOWNSHIP, PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Thorn Township, Perry 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's management believes these financial statements present all activities for which the Township is financially accountable.

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH AND INVESTMENTS

Certificates of deposit are valued at cost. Interest earned is recognized and recorded when received.

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 of specific revenue 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:

Motor Vehicle License Tax Fund – This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads and bridges.

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

Road and Bridge Fund - This fund receives property tax money for maintaining Township roads and bridges.

Fire Township Fund – This fund receives property tax money used to provide fire protection to Township residents.

Emergency Medical Services (EMS) Fund – This fund receives property tax money to provide emergency medical services to Township residents.

THORN TOWNSHIP, PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2004 AND 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

FEMA – This fund receives federal FEMA funds to pay for FEMA approved expenditures.

3. Fiduciary Funds

These funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. Other trust funds are classified as Expendable Trust Funds. The Township had the following Fiduciary Funds.

Hanby Trust Fund – This fund is used to account for money bequeathed to the Township by the estate of F. Vernon Hanby, and the interest earned thereon, to be used for the development of a park on the six and one-half acres donated to the Township by Mr. Hanby. The Township is not required to maintain the corpus trust in tact. Accordingly, the fund is classified as an Expendable Trust Fund.

U.B. Trust Fund - This fund accounts for monies restricted by a legally binding trust agreement. The agreement requires the Township to maintain the corpus of the trust, which is \$1,000. The interest may be used for the perpetual care of the Union Baptist Cemetery. Accordingly, this fund is classified as a Nonexpendable Trust Fund.

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 and function 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.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled, and re-appropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2004 and 2003 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 AND INVESTMENTS

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

THORN TOWNSHIP, PERRY COUNTY

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2004 AND 2003**

2. EQUITY IN POOLED CASH AND INVESTMENTS - Continued

	2004	2003
Demand deposits	\$ 480,001	\$ 430,362
Certificates of deposit	6,000	6,000
Total deposits	\$ 486,001	\$ 436,362

Deposits: Deposits, including certificates of deposit, are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 64,440	\$ 114,511	\$ 50,071
Special Revenue	294,461	479,505	185,044
Fiduciary	75	22	(53)
Total	\$ 358,976	\$ 594,038	\$ 235,062

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 199,083	\$ 119,619	\$ 79,464
Special Revenue	695,242	424,780	270,462
Fiduciary	1,462	-	1,462
Total	\$ 895,787	\$ 544,399	\$ 351,388

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 67,432	\$ 94,315	\$ 26,883
Special Revenue	304,506	371,762	67,256
Fiduciary	73	53	(20)
Total	\$ 372,011	\$ 466,130	\$ 94,119

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 234,882	\$ 127,124	\$ 107,758
Special Revenue	501,506	274,435	227,071
Fiduciary	1,406	-	1,406
Total	\$ 737,794	\$ 401,559	\$ 336,235

THORN TOWNSHIP, PERRY COUNTY

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2004 AND 2003**

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 accompany 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 taxes 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, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire truck lease	\$ 58,989	5.35%
Squad	99,185	3.54%
Backhoe	6,313	6.25%
Grass truck	12,000	3.25%
Total	\$ 176,487	

The fire truck was obtained in 1999. The lease is secured by the equipment and repayments will come from the Fire Fund. The utility tractor was obtained in 2000. The lease is secured by the equipment and repayments will come from the General Fund. The backhoe was obtained in 2001. The lease is secured by the equipment and repayments will come from the General Fund. The grass truck was obtained in 2002. The lease is secured by the equipment and repayments will come from the Fire Township Fund.

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

<u>Year ending December 31:</u>	<u>Squad</u>	<u>Fire Truck</u>	<u>Backhoe</u>	<u>Grass Truck</u>
2005	\$ 26,187	\$ 31,882	\$ 6,723	\$ 12,312
2006	27,430	31,882	-	-
2007	26,552	-	-	-
2008	25,674	-	-	-
Total	\$ 105,843	\$ 63,764	\$ 6,723	\$ 12,312

6. RETIREMENT SYSTEMS

The Township's elected officials and 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.

THORN TOWNSHIP, PERRY COUNTY

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2004 AND 2003**

6. RETIREMENT SYSTEMS - Continued

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, PERS 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, 2004.

7. RISK MANAGEMENT

Risk Pool Membership

The Township is a member of the Ohio Government Risk Management Plan, (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered, self-insurance risk management program and other administrative services.

Pursuant to section 2744.081 of the Ohio Revised Code, the Plan is deemed 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 following risks are covered by the plan for the Township:

- **Property**
- **Liability**
- **Wrongful Acts**
- **Automobile**
- **Inland Marine**
- **Fire Vehicles**
- **EDP**

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Thorn Township, Perry County
Thornville, Ohio

We have audited the financial statements of Thorn Township, Perry County as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 25, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Thorn Township, Perry County'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 reportable 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. We noted other matters that we reported to management of Thorn Township, Perry County in a separate letter dated August 25, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Thorn Township, Perry County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2004-3753-001.

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

Jones, Cochenour & Co.
August 25, 2005

THORN TOWNSHIP, PERRY COUNTY

SCHEDULE OF FINDINGS
December 31, 2004 and 2003

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

FINDING NUMBER 2004-3753-001

Noncompliance Citation

Ohio Rev. Code § 5705.41 (D), states that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the fiscal officer (township clerk). Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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 District can authorize the drawing of a warrant for the payment of the amount due. The District 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 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 District.

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, blank 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 District 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.

Funds were not properly certified at the time of commitment for 20% of the disbursements tested in 2003 and 15% of the disbursements tested in 2004.

Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. The Township departments should obtain approved purchase orders which include the fiscal officer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized prior to making the commitment. When prior certification is not possible, "then and now" certification should be use.

THORN TOWNSHIP, PERRY COUNTY

**SCHEDULE OF FINDINGS
December 31, 2004 and 2003
(Continued)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2002-41064-001	A material noncompliance citation was issued in the prior audit under Ohio Rev. Code Section 5705.41(D) for not properly encumbering funds prior to expenditure.	No	This issue is repeated in the current audit as finding number 2004-3553-001.
2002-41064-002	A material noncompliance citation was issued in the prior audit under Ohio Rev. Code Section 5705.10 for revenue misposting.	Yes	N/A



**Auditor of State
Betty Montgomery**

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THORN TOWNSHIP

PERRY 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 15, 2005**