



**BEAVER TOWNSHIP
PIKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BEAVER TOWNSHIP
PIKE COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Beaver Township
Pike County
1145 Carrs Run Road
Waverly, Ohio 45690

To the Board of Trustees:

We have audited the accompanying financial statements of Beaver Township, Pike County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. 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 of Beaver Township, Pike County, as of December 31, 2000 and 1999, 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 June 27, 2001 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.

Jim Petro
Auditor of State

June 27, 2001

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**BEAVER TOWNSHIP
PIKE 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$3,947	\$26,883	\$30,830
Intergovernmental	29,401	59,032	88,433
Earnings on Investments	1,210	252	1,462
Other Revenue	60		60
 Total Cash Receipts	 34,618	 86,167	 120,785
Cash Disbursements:			
Current:			
General Government	24,200		24,200
Public Safety		9,324	9,324
Public Works	11,405	58,798	70,203
Health	911	15,860	16,771
Capital Outlay	6,508	8,500	15,008
 Total Cash Disbursements	 43,024	 92,482	 135,506
 Total Cash Receipts Over/ (Under) Cash Disbursements	 (8,406)	 (6,315)	 (14,721)
Other Financing Sources/(Uses):			
Sale of Fixed Assets	2,000	0	2,000
Other Financing Sources	1,559	0	1,559
 Total Other Financing Sources/(Uses)	 3,559	 0	 3,559
 Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	 (4,847)	 (6,315)	 (11,162)
 Fund Cash Balances, January 1	 35,841	 75,186	 111,027
 Fund Cash Balances, December 31	 \$30,994	 \$68,871	 \$99,865

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

**BEAVER TOWNSHIP
PIKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$3,770	\$21,986	\$25,756
Intergovernmental	19,726	61,005	80,731
Earnings on Investments	1,133	268	1,401
Other Revenue		157	157
	<u>24,629</u>	<u>83,416</u>	<u>108,045</u>
Cash Disbursements:			
Current:			
General Government	21,146		21,146
Public Safety		5,358	5,358
Public Works	3,972	54,823	58,795
Health	636	9,178	9,814
Capital Outlay	6,504		6,504
	<u>32,258</u>	<u>69,359</u>	<u>101,617</u>
Total Cash Receipts Over/ (Under) Cash Disbursements	<u>(7,629)</u>	<u>14,057</u>	<u>6,428</u>
Other Financing Sources/(Uses):			
Other Financing Sources	716	0	716
	<u>716</u>	<u>0</u>	<u>716</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(6,913)	14,057	7,144
Fund Cash Balances, January 1	<u>42,754</u>	<u>61,129</u>	<u>103,883</u>
Fund Cash Balances, December 31	<u>\$35,841</u>	<u>\$75,186</u>	<u>\$111,027</u>

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

**BEAVER TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 and 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Beaver Township, Pike 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 general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection, and emergency medical services. The Township contracts with the Village of Beaver to provide fire services and ambulance services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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

C. Cash

The Township had one primary checking account during our audit period.

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 that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund - This fund received gasoline tax money to construct, maintain and repair Township roads.

Cemetery Fund - This fund received tax money from the cemetery levy to pass through to Beaver Union Cemetery to provide cemetery maintenance services.

**BEAVER TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 and 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 always encumber prior to making commitments as required by Ohio law.

A summary of 2000 and 1999 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. The carrying amount of cash at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$99,865</u>	<u>\$111,027</u>

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.

**BEAVER TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 and 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$61,500	\$38,177	(\$23,323)
Special Revenue	124,057	86,167	(37,890)
Total	\$185,557	\$124,344	(\$61,213)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$97,341	\$43,024	\$54,317
Special Revenue	199,243	92,482	106,761
Total	\$296,584	\$135,506	\$161,078

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,620	\$25,345	(\$10,275)
Special Revenue	83,960	83,416	(544)
Total	\$119,580	\$108,761	(\$10,819)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$78,374	\$32,258	\$46,116
Special Revenue	145,088	69,359	75,729
Total	\$223,462	\$101,617	\$121,845

**BEAVER TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 and 1999
(Continued)**

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. LEASE

A lease outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Case Loader Backhoe	\$6,146	5.90%

The Township entered into a lease agreement with Case Credit Corporation for a Case Loader Backhoe.

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

Year ending December 31:	Lease Agreement
2001	\$6,509

6. RETIREMENT SYSTEMS

The Township's employees, as well as the Township Clerk and the Board of Trustees, 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. Effective July 1, 2000 the employers' contribution rate decreased to 8.13% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**BEAVER TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 and 1999
(Continued)**

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

The Township also provides health, life, cancer and intensive care insurance to officials through a private carrier.

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743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110
www.auditor.state.oh.us

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

Beaver Township
Pike County
1145 Carrs Run Road
Waverly, Ohio 45690

To the Board of Trustees:

We have audited the accompanying financial statements of Beaver Township, Pike County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 27, 2001. 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 2000-40766-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated June 27, 2001.

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 June 27, 2001.

Beaver Township
Pike 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.

Jim Petro
Auditor of State

June 27, 2001

BEAVER TOWNSHIP
PIKE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-40766-001

Ohio Rev. Code Section 5705.41(D) states that no order or contract involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract 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 encumbrances.

The following exception to this basic requirement is provided statute:

1. Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, 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 taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution of ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
2. Amounts of less than \$1,000, may be paid by the fiscal officer without such affirmation of the taxing authority 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 of the taxing authority.

"Then and now" certificates were not utilized and for 76% of the purchases we tested, funds were not certified as available on purchase orders to meet commitments until after the commitment was made.

If purchase orders are utilized, we recommend all purchase orders be certified by the Clerk prior to the commitment being made.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

BEAVER TOWNSHIP

PIKE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 14, 2001**