



**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Deercreek Township
Pickaway County
P.O. Box 46
Williamsport, Ohio 43164-0046

To the Board of Trustees:

We have audited the accompanying financial statements of Deercreek Township, Pickaway County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 audits 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 the Deercreek Township, Pickaway County, Ohio as of December 31, 1999 and December 31, 1998, 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 21, 2000 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.

This report is intended solely for the information and use of management, 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".

JIM PETRO
Auditor of State

June 21, 2000

**DEERCREEK TOWNSHIP
PICKAWAY 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$16,076	\$52,516	\$68,592
Intergovernmental	30,588	59,483	90,071
Licenses, Permits, and Fees	0	12,550	12,550
Earnings on Investments	7,093	0	7,093
Other Receipts	344	0	344
Total Cash Receipts	<u>54,101</u>	<u>124,549</u>	<u>178,650</u>
Cash Disbursements:			
Current:			
General Government	34,792	0	34,792
Public Safety	3,432	80	3,512
Public Works	0	75,725	75,725
Health	8,478	19,984	28,462
Conservation - Recreation	1,000	0	1,000
Capital Outlay	2,785	5,056	7,841
Total Cash Disbursements	<u>50,487</u>	<u>100,845</u>	<u>151,332</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>3,614</u>	<u>23,704</u>	<u>27,318</u>
Other Financing Receipts/(Disbursements):			
Other Sources	0	5,900	5,900
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>5,900</u>	<u>5,900</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>3,614</u>	<u>29,604</u>	<u>33,218</u>
Fund Cash Balances, January 1, 1999	<u>53,036</u>	<u>243,192</u>	<u>296,228</u>
Fund Cash Balances, December 31, 1999	<u><u>\$56,650</u></u>	<u><u>\$272,796</u></u>	<u><u>\$329,446</u></u>

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

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Fiduciary Fund Type</u>	<u>Nonexpendable Trust</u>
Operating Cash Receipts:		
Total Operating Cash Receipts	<u>\$0</u>	
Operating Cash Disbursements:		
Total Operating Cash Disbursements	<u>0</u>	
Operating Income/(Loss)	0	
Fund Cash Balances, January 1, 1999	<u>7,111</u>	
Fund Cash Balances, December 31, 1999	<u><u>\$7,111</u></u>	

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

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$12,286	\$50,144	\$62,430
Intergovernmental	21,821	58,814	80,635
Licenses, Permits, and Fees	0	7,000	7,000
Earnings on Investments	8,571	0	8,571
Other Receipts	2,260	0	2,260
 Total Cash Receipts	 44,938	 115,958	 160,896
 Cash Disbursements:			
Current:			
General Government	33,049	0	33,049
Public Safety	2,330	1,000	3,330
Public Works	0	101,903	101,903
Health	12,000	18,378	30,378
Conservation - Recreation	938	0	938
Capital Outlay	2,988	19,696	22,684
 Total Cash Disbursements	 51,305	 140,977	 192,282
 Total Cash Receipts Over/(Under) Cash Disbursements	 (6,367)	 (25,019)	 (31,386)
 Other Financing Receipts/(Disbursements):			
Other Sources	0	4,310	4,310
 Total Other Financing Receipts/(Disbursements)	 0	 4,310	 4,310
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (6,367)	 (20,709)	 (27,076)
 Fund Cash Balances, January 1, 1998	 59,403	 263,901	 323,304
 Fund Cash Balances, December 31, 1998	 \$53,036	 \$243,192	 \$296,228

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

DEERCREEK TOWNSHIP
PICKAWAY COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCEDS
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Fiduciary Fund Type</u>
	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Total Operating Cash Receipts	<u>\$0</u>
Operating Cash Disbursements:	
Total Operating Cash Disbursements	<u>0</u>
Operating Income/(Loss)	0
Fund Cash Balances, January 1, 1998	<u>7,111</u>
Fund Cash Balances, December 31, 1998	<u><u>\$7,111</u></u>

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

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Deercreek Township, Pickaway County, Ohio (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Pickaway County Sheriff's department to provide security of persons and property.

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.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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.

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

Cemetery Fund - This fund receives general tax and lot fees assessed to maintain the cemetery.

3. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Cemetery Bequests (Non-Expendable Trust) - Earnings on the corpus can be used for the terms of the bequest.

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 and 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.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$321,834	\$288,615
Certificates of deposit	14,723	14,723
Total deposits	336,557	303,338

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$55,100	\$54,101	(\$999)
Special Revenue	128,514	130,449	1,935
Trust	11	0	(11)
Total	\$183,625	\$184,550	\$925

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$113,318	\$50,487	\$62,831
Special Revenue	357,070	100,845	256,225
Trust	7,100	0	7,100
Total	<u>\$477,488</u>	<u>\$151,332</u>	<u>\$326,156</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,400	\$44,938	\$5,538
Special Revenue	114,499	120,268	5,769
Trust	11	0	(11)
Total	<u>\$153,910</u>	<u>\$165,206</u>	<u>\$11,296</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$103,986	\$51,305	\$52,681
Special Revenue	373,218	140,977	232,241
Trust	11	0	11
Total	<u>\$477,215</u>	<u>\$192,282</u>	<u>\$284,933</u>

The Township did not certify expenditures at the time of a purchase commitment. This is not in compliance with Ohio Rev. Code Section 5705.41(D).

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.

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. PROPERTY TAX (Continued)

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide 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 1999 and 1998, members of PERS 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, 1999.

6. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Association (the Association). The Association assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Association:

- General liability and casualty
- Public official's liability
- Vehicle

The Township also provides health insurance through a private carrier.

7. RELATED PARTY TRANSACTIONS

A Township Trustee's son-in-law, worked for the Township as an independent contractor in 1999 and 1998. His services included digging graves at the Township Cemetery. During 1999 and 1998, the Township paid this individual \$2,625 and \$1,500 respectively, for services rendered.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Deercreek Township
Pickaway County
P.O. Box 46
Williamsport, Ohio 43164-0046

To the Board of Trustees:

We have audited the accompanying financial statements of Deercreek Township, Pickaway County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated June 21, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 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 1999-40665-001. We also noted other immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 21, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered 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 matter involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a 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 June 21, 2000.

Deercreek Township
Pickaway County
Report on Compliance and on Internal Control Required
By *Government Auditing Standards*
Page 2

This report is intended for the information and use of the management, 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", with a large, stylized flourish at the end.

JIM PETRO
Auditor of State

June 21, 2000

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

Finding Number	1999-40665-001
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Fiscal Officer Certification

Ohio Rev. Code Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides an exception to the above requirement:

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 contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant 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. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

One hundred percent of the expenditures tested had not been certified at the time of the purchase commitment. No evidence could be presented to suggest a "Then and Now" certificate was used.

We recommended the Township certify expenditures at the time the purchase commitment is made, or issue a "Then and Now" certificate as allowed under this section.



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DEERCREEK TOWNSHIP

PICKAWAY 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 24, 2000