



**DEERCREEK TOWNSHIP
MADISON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**DEERCREEK TOWNSHIP
MADISON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1999	3
Statement of Cash Receipts, Cash Disbursements, and Change In Fund Cash Balance-Non-Expendable Trust Fund For the Year ended December 31, 1999	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1998	5
Statement of Cash Receipts, Cash Disbursements, and Change In Fund Cash Balance-Non-Expendable Trust Fund For the Year ended December 31, 1998	6
Notes to the Financial Statements	7
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13

This Page Intentionally Left Blank



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Deercreek Township
Madison County
1945 Cumberland Road
London, Ohio 43140

To the Board of Trustees:

We have audited the accompanying financial statements of Deercreek Township, Madison 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 audit.

We conducted our audit 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 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 the Township 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 1, 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, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

June 1, 2000

**DEERCREEK TOWNSHIP
MADISON 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	\$26,602	\$24,331	\$50,933
Intergovernmental	58,899	60,672	119,571
Charges for Services	0	5,325	5,325
Licenses, Permits, and Fees	0	2,877	2,877
Earnings on Investments	7,751	11	7,762
Other Receipts	607	3,259	3,866
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	93,859	96,475	190,334
Cash Disbursements:			
Current:			
General Government	49,055	0	49,055
Public Safety	0	22,525	22,525
Public Works	2,885	38,318	41,203
Health	6,637	6,369	13,006
Capital Outlay	0	3,234	3,234
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	58,577	70,446	129,023
Total Receipts Over/(Under) Disbursements	35,282	26,029	61,311
Fund Cash Balances, January 1	114,903	116,740	231,643
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$150,185</u>	<u>\$142,769</u>	<u>\$292,954</u>

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

DEERCREEK TOWNSHIP
MADISON COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGE IN FUND CASH BALANCE
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Non-Expendable Trust Fund</u>
Operating cash receipts	<u>\$15</u>
Operating cash disbursements	<u>0</u>
Net receipts over/(under) disbursements	15
Fund Cash Balance, January 1	<u>315</u>
Fund Cash Balance, December 31	<u><u>\$330</u></u>

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

**DEERCREEK TOWNSHIP
MADISON 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	\$26,502	\$24,526	\$51,028
Intergovernmental	28,187	59,301	87,488
Charges for Services	0	4,575	4,575
Licenses, Permits, and Fees	0	3,493	3,493
Earnings on Investments	10,096	10	10,106
Other Receipts	2,487	3,659	6,146
Total Cash Receipts	67,272	95,564	162,836
Cash Disbursements:			
Current:			
General Government	49,194	0	49,194
Public Safety	0	30,535	30,535
Public Works	1,802	50,194	51,996
Health	6,423	7,878	14,301
Capital Outlay	58,552	37,037	95,589
Total Cash Disbursements	115,971	125,644	241,615
Total Receipts Over/(Under) Disbursements	(48,699)	(30,080)	(78,779)
Fund Cash Balances, January 1	163,602	146,820	310,422
Fund Cash Balances, December 31	\$114,903	\$116,740	\$231,643

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

DEERCREEK TOWNSHIP
MADISON COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGE IN FUND CASH BALANCE
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Non-Expendable Trust Fund</u>
Operating cash receipts	<u>\$15</u>
Operating cash disbursements	<u>0</u>
Net receipts over/(under) disbursements	
Fund Cash Balance, January 1	<u>300</u>
Fund Cash Balance, December 31	<u><u>\$315</u></u>

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

**DEERCREEK TOWNSHIP
MADISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Deercreek Township, Madison 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 Central Township Fire Department to provide fire 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. 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. Except 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:

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

**DEERCREEK TOWNSHIP
MADISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire Fund- This fund receives property tax money to provide fire and emergency medical services.

3. Fiduciary Fund (Trust Fund)

Trust 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 non-expendable trust fund. The only trust fund is the Mary Arnold Trust Fund for the maintenance of the Township cemetery.

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. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 1999 and 1998 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.

G. Unpaid vacation and sick leave

Fulltime 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 cash basis of accounting used by the Township.

**DEERCREEK TOWNSHIP
MADISON COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment pool used by all funds except the Non-Expendable Trust fund which is segregated in a separate account.. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	1999	1998
Demand deposits	\$143,284	\$81,958
Certificate of deposits	<u>150,000</u>	<u>150,000</u>
Total deposits	<u>\$293,284</u>	<u>\$231,958</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$64,900	\$93,859	\$28,959
Special Revenue	93,212	96,475	3,263
Fiduciary	<u>0</u>	<u>15</u>	<u>15</u>
Total	<u>\$158,112</u>	<u>\$190,349</u>	<u>\$32,237</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$65,961	\$58,577	\$7,384
Special Revenue	<u>101,185</u>	<u>70,446</u>	<u>30,739</u>
Total	<u>\$167,146</u>	<u>\$129,023</u>	<u>\$38,123</u>

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$61,750	\$67,272	\$5,522
Special Revenue	90,712	95,564	4,852
Fiduciary	<u>0</u>	<u>15</u>	<u>15</u>
Total	<u>\$152,462</u>	<u>\$162,851</u>	<u>\$10,389</u>

**DEERCREEK TOWNSHIP
MADISON COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$88,210	\$115,971	(\$27,761)
Special Revenue	181,705	125,644	56,061
Total	\$269,915	\$241,615	\$28,300

During 1998, total expenditures exceeded appropriations by \$27,761 in the General Fund.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

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 employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan providing retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. 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, 1999.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

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

Deercreek Township
Madison County
1945 Cumberland Road
London, Ohio 43140

To the Board of Trustees:

We have audited the financial statements of Deercreek Township, Madison 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 1, 2000. We conducted our audit 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-40649-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 1, 2000.

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 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 1, 2000.

This report is intended for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

JIM PETRO
Auditor of State

June 1, 2000

**DEERCREEK TOWNSHIP
MADISON COUNTY**

DECEMBER 31, 1999 AND 1998

SCHEDULE OF FINDINGS

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

1999-40649-01	
----------------------	--

Ohio Rev. Code Section 5705.41(B) prohibits a political subdivision from making an expenditure unless it has been lawfully appropriated. In 1998, General Fund expenditures exceeded appropriations by \$27,761.

We recommend that the Township monitor expenditure activity to ensure expenditures do not exceed appropriations.



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

DEERCREEK TOWNSHIP

MADISON 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
JULY 13, 2000