



**BEARFIELD TOWNSHIP  
PERRY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**BEARFIELD TOWNSHIP  
PERRY COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Bearfield Township  
Perry County  
1795 Township Road 320 SE  
Crooksville, Ohio 43731

To the Board of Trustees:

We have audited the accompanying financial statements of Bearfield Township, Perry 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 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 Bearfield Township, Perry 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 May 21, 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 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

May 21, 2001

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**BEARFIELD TOWNSHIP  
PERRY 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$14,244	\$13,034	\$27,278
Intergovernmental	34,508	61,590	96,098
Licenses, Permits, and Fees		4,125	4,125
Earnings on Investments		777	777
Other Revenue	235	892	1,127
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	48,987	80,418	129,405
<b>Cash Disbursements:</b>			
Current:			
General Government	45,660		45,660
Public Safety	300	5,359	5,659
Public Works		67,114	67,114
Health	354	16,182	16,536
Capital Outlay		2,910	2,910
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	46,314	91,565	137,879
Total Cash Receipts Over/(Under) Cash Disbursements	2,673	(11,147)	(8,474)
Fund Cash Balances, January 1	13,992	41,643	55,635
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$16,665</u></b>	<b><u>\$30,496</u></b>	<b><u>\$47,161</u></b>

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

**BEARFIELD TOWNSHIP  
PERRY 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>	
<b>Cash Receipts:</b>			
Local Taxes	\$12,037	\$13,030	\$25,067
Intergovernmental	20,030	70,379	90,409
Licenses, Permits, and Fees		5,250	5,250
Earnings on Investments		910	910
Other Revenue	225	5,452	5,677
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	32,292	95,021	127,313
<b>Cash Disbursements:</b>			
Current:			
General Government	37,333		37,333
Public Safety	300	5,399	5,699
Public Works		66,824	66,824
Health	360	11,041	11,401
Capital Outlay		1,117	1,117
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	37,993	84,381	122,374
Total Cash Receipts Over/(Under) Cash Disbursements	(5,701)	10,640	4,939
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		6,246	6,246
Transfers-Out		(6,246)	(6,246)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)		0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(5,701)	10,640	4,939
Fund Cash Balances, January 1	19,693	31,003	50,696
<b>Fund Cash Balances, December 31</b>	<b><u>\$13,992</u></b>	<b><u>\$41,643</u></b>	<b><u>\$55,635</u></b>

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



**BEARFIELD TOWNSHIP  
PERRY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Bearfield 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 general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Crooksville 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.

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.

**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.

*Cemetery Fund* - This fund receives property tax money to maintain Township Cemeteries.

**BEARFIELD TOWNSHIP  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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, 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 encumber all commitments as required by Ohio Law.

A summary of 2000 and 1999 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.

**F. 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**

The Township maintains a cash pool used by all funds. The cash pool is maintained in an interest bearing checking account. 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>\$47,161</u>	<u>\$55,635</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation

**BEARFIELD TOWNSHIP  
PERRY 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	\$44,436	\$48,987	\$4,551
Special Revenue	76,150	80,418	4,268
Total	\$120,586	\$129,405	\$8,819

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$58,428	\$46,314	\$12,114
Special Revenue	117,793	91,565	26,228
Total	\$176,221	\$137,879	\$38,342

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$33,315	\$32,292	(\$1,023)
Special Revenue	74,896	101,267	26,371
Total	\$108,211	\$133,559	\$25,348

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$53,009	\$37,993	\$15,016
Special Revenue	105,898	90,627	15,271
Total	\$158,907	\$128,620	\$30,287

Actual expenditures exceeded appropriations, at the legal level of control, within the Motor Vehicle License (MVL), Gasoline Tax, Fire and Emergency Medical Services (EMS) Funds, in 2000 and 1999, plus the General and Cemetery Funds in 2000, contrary to Ohio Law.

**BEARFIELD TOWNSHIP  
PERRY 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.

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 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.

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. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants' gross salaries. The Township was not aware of this reduction and paid the entire 13.55% of participants' gross salaries for all of 2000. The Township has overpaid contributions required through December 31, 2000 by \$1,696.

**6. RISK MANAGEMENT**

The Township belongs to the Ohio Township Association Risk Management Authority (the "OTARMA"), an unincorporated non-profit association with several governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

The Township has obtained coverage from OTARMA for the following risks:

- Legal Liability - Third Party Claims Coverage
- Automobile Liability Coverage
- Wrongful Acts Coverage
- Automobile Physical Damage
- Property Damage
  - Building & Contents
  - Inland Marine

The Township also provides health, disability, and life insurance to officials and full-time employees through a private carrier.

**BEARFIELD TOWNSHIP  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(CONTINUED)**

**7. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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

Bearfield Township  
Perry County  
21045 State Route 278  
Nelsonville, Ohio 45764

To the Board of Trustees:

We have audited the accompanying financial statements of Bearfield Township, Perry County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 21, 2001. 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as items 2000-41064-001 and 2000-41064-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 21, 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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. A reportable condition is described in the accompanying Schedule of Findings as item 2000-41064-001.

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. We believe reportable condition 2000-41064-001 described above is not a material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated May 21, 2001.

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

May 21, 2001



**BEARFIELD TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2000-41064-001**

**Noncompliance Citation**

**Ohio Revised Code § 5705.41(D)** states in part that no orders or contracts 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 encumbrance.

The following exceptions to this basic requirement are provided by statute:

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 or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$1,000 for other political subdivisions, 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 by the taxing authority.

The Township Clerk certified the availability of funds when the check voucher was written for all expenditures tested in 2000 and 1999 and no corresponding "Then and Now" Certificate was completed.

We recommend the Township Clerk certify the availability of funds prior to ordering goods or services and encumber the corresponding commitments when the certification is made. In the event the Township Clerk cannot make this certification prior to incurring an obligation, we recommend a "Then and Now" Certificate be approved and used as listed above.

**BEARFIELD TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**FINDING NUMBER 2000-41064-002**

**Noncompliance Citation**

**Ohio Rev. Code § 5705.41(B)** states that no subdivision or taxing unit shall expend any money unless it has been properly appropriated.

Actual expenditures exceeded appropriations at December 31, 2000, as follows:

<u>Fund/Line-Item</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund			
Salaries - Trustees	\$13,606	\$18,141	(\$4,535)
Supplies - Administration	\$400	\$550	(\$150)
Employer's Retirement Contribution	\$1,826	\$3,525	(\$1,699)
Election Expenses	\$100	\$468	(\$368)
MVL Fund			
Materials	\$5,307	\$11,845	(\$6,538)
Gasoline Tax Fund			
Supplies	\$3,000	\$3,204	(\$204)
Cemetery Fund			
Salaries	\$10,000	\$10,749	(\$749)
Employer's Retirement Contribution	\$1,000	\$1,427	(\$427)
Fire Fund			
Contracts	\$1,540	\$1,675	(\$135)
EMS Fund			
Contracts	\$3,320	\$3,512	(\$192)

Actual expenditures exceeded appropriations at December 31, 1999, as follows:

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
MVL Fund			
Repairs	\$200	\$1,575	(\$1,375)
Other Expenses	\$448	\$891	(\$443)
Gasoline Tax Fund			
Other Expenses	\$2,500	\$4,692	(\$2,192)
Fire Fund			
Contracts	\$1,540	\$1,717	(\$177)
EMS Fund			
Contracts	\$3,320	\$3,512	(\$192)

The Township Clerk made appropriation transfers between line-items, within the same funds, to cover these variances, but the appropriation transfers were not approved by the Board of Trustees. The above analysis does not include the appropriation transfers.

**BEARFIELD TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**FINDING NUMBER 2000-40737-002 (Continued)**

We recommend the Township Clerk deny payments when disbursements would exceed appropriations at the legal level of control. The Township Clerk should inquire whether the Board of Trustees wish to permit the payments by amending appropriations. The Board of Trustees can increase total appropriations only to the extent of estimated resources. Such amendments or supplemental appropriations should be handled in the same manner as the original appropriations measure and the Board of Trustees approval should be documented in the minutes record.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**BEARFIELD 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  
JULY 3, 2001**