



**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDING DECEMBER 31, 2001 AND 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Deercreek Township
Pickaway County
104 S. Main, P.O. Box 46
Williamsport, OH 43164

To: 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, 2001 and December 31, 2000. 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 Deercreek Township, Pickaway County, Ohio as of December 31, 2001 and December 31, 2000, 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 March 5, 2002 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, 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

March 5, 2002

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:				
Local Taxes	\$15,372	\$51,168	\$0	\$66,540
Intergovernmental	31,802	67,881	0	99,683
Licenses, Permits, and Fees	1,392	10,450	0	11,842
Earnings on Investments	7,237	0	0	7,237
Other Revenue	3,584	8,531	0	12,115
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	59,387	138,030	0	197,417
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	46,827	0	0	46,827
Public Safety	4,000	1,527	0	5,527
Public Works	0	128,937	0	128,937
Health	7,256	21,049	0	28,305
Miscellaneous	0	0	11	11
Capital Outlay	2,484	1,000	0	3,484
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	60,567	152,513	11	213,091
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(1,180)	(14,483)	(11)	(15,674)
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts Over/(Under) Cash Disbursements	(1,180)	(14,483)	(11)	(15,674)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1, 2001	61,198	275,899	7,111	344,208
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31, 2001	<u>\$60,018</u>	<u>\$261,416</u>	<u>\$7,100</u>	<u>\$328,534</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 AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:				
Local Taxes	\$13,829	\$48,533	\$0	\$62,362
Intergovernmental	39,840	65,952	0	105,792
Licenses, Permits, and Fees	2,202	6,400	0	8,602
Earnings on Investments	8,652	0	0	8,652
Other Revenue	471	5,200	0	5,671
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	64,994	126,085	0	191,079
Cash Disbursements:				
Current:				
General Government	43,614	0	0	43,614
Public Safety	4,339	108	0	4,447
Public Works	0	97,312	0	97,312
Health	9,493	20,562	0	30,055
Conservation - Recreation	3,000	0	0	3,000
Capital Outlay	0	5,000	0	5,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	60,446	122,982	0	183,428
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	4,548	3,103	0	7,651
Excess of Cash Receipts Over/(Under) Cash Disbursements	4,548	3,103	0	7,651
Fund Cash Balances, January 1, 2000	<hr/>	<hr/>	<hr/>	<hr/>
	56,650	272,796	7,111	336,557
Fund Cash Balances, December 31, 2000	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$61,198	\$275,899	\$7,111	\$344,208

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

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

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 Village of Williamsport for furnishing emergency medical 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.

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 Fund

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 Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads.

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

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

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

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

3. Fiduciary 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 fund:

Cemetery Bequest - 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

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>2001</u>	<u>2000</u>
Demand deposits	\$313,811	\$329,485
Certificates of deposit	<u>14,723</u>	<u>14,723</u>
Total deposits	<u><u>\$328,534</u></u>	<u><u>\$344,208</u></u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 70,378	\$ 59,387	\$ (10,991)
Special Revenue	130,261	138,030	7,769
Total	<u><u>\$ 200,639</u></u>	<u><u>\$ 197,417</u></u>	<u><u>\$ (3,222)</u></u>

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 139,608	\$ 60,567	\$ 79,041
Special Revenue	398,128	152,513	245,615
Fudiciary	11	11	0
Total	<u>\$ 537,747</u>	<u>\$ 213,091</u>	<u>\$ 324,656</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 59,000	\$ 64,994	\$ 5,994
Special Revenue	110,500	126,085	15,585
Total	<u>\$ 169,500</u>	<u>\$ 191,079</u>	<u>\$ 21,579</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 120,833	\$ 60,446	\$ 60,387
Special Revenue	378,163	122,982	255,181
Fudiciary	11	0	11
Total	<u>\$ 499,007</u>	<u>\$ 183,428</u>	<u>\$ 315,579</u>

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.

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.

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement 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. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty insurance for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

**DEERCREEK TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RISK MANAGEMENT (Continued)

<u>Casualty Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$22,684,383	\$18,172,222
Liabilities	<u>8,924,977</u>	<u>5,947,013</u>
Retained earnings	<u>\$13,759,406</u>	<u>\$12,225,209</u>
<u>Property Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$4,156,784	\$3,544,437
Liabilities	<u>497,831</u>	<u>674,752</u>
Retained earnings	<u>\$3,658,953</u>	<u>\$2,869,685</u>

The information presented here is the latest available.



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REPORT ON COMPLIANCE AND INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Deercreek Township
Pickaway County
104 S. Main, P.O. Box 46
Williamsport, OH 43164

To: 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, 2001 and December 31, 2000, and have issued our report thereon dated March 5, 2002. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 5, 2002.

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 March 5, 2002.

This report is intended solely 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

March 5, 2002

DEERCREEK TOWNSHIP
PICKAWAY COUNTY

DECEMBER 31, 2001 AND 2000

SCHEDULE OF PRIOR AUDIT FINDING

Finding Number	Finding Summary	Status	Not Corrected Explanation/Re- issued Finding Number
1999-40665-001	Ohio Rev. Code Section 5705.41(D)- fiscal officer did not always certify expenditures at the time a purchase commitment was made.	Partially Corrected	Re-issued as a Management Letter comment.



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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
APRIL 18, 2002**