



**BOKESCREEK TOWNSHIP  
LOGAN COUNTY**

**REGULAR AUDIT**

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



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

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**STATE OF OHIO**



**BOKESCREEK TOWNSHIP  
LOGAN COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Bokescreek Township  
Logan County  
7357 County Road 50  
Ridgeway, Ohio 43345

To the Board of Trustees:

We have audited the accompanying financial statements of Bokescreek Township, Logan County, (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 accounting principles generally accepted in the United States of America..

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, 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 19, 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 the audit committee, 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 19, 2001

**BOKESCREEK TOWNSHIP  
LOGAN 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$11,217	\$56,570	\$17,797	\$85,584
Intergovernmental	54,422	60,708	1,663	116,793
Charges for Services		3,500		3,500
Earnings on Investments	13,571	5,747		19,318
Other Revenue	1,461	9,393		10,854
	<u>80,671</u>	<u>135,918</u>	<u>19,460</u>	<u>236,049</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	39,307	10,238	384	49,929
Public Safety		17,513		17,513
Public Works		30,135		30,135
Health	8,062			8,062
Debt Service:				
Redemption of Principal			15,819	15,819
Interest and Fiscal Charges			953	953
Capital Outlay	43,586	106,129		149,715
	<u>90,955</u>	<u>164,015</u>	<u>17,156</u>	<u>272,126</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	(10,284)	(28,097)	2,304	(36,077)
Fund Cash Balances, January 1	100,610	403,395	4,474	508,479
<b>Fund Cash Balances, December 31</b>	<u>\$90,326</u>	<u>\$375,298</u>	<u>\$6,778</u>	<u>\$472,402</u>

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

**BOKESCREEK TOWNSHIP  
LOGAN 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$12,070	\$56,542	\$17,732	\$86,344
Intergovernmental	97,830	58,902	1,625	158,357
Charges for Services		5,000		5,000
Earnings on Investments	8,641	4,478		13,119
Other Revenue	1,665	6,019		7,684
	<u>120,206</u>	<u>130,941</u>	<u>19,357</u>	<u>270,504</u>
<b>Total Cash Receipts</b>				
	<u>120,206</u>	<u>130,941</u>	<u>19,357</u>	<u>270,504</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	33,966	11,216	222	45,404
Public Safety		13,283		13,283
Public Works		30,477		30,477
Health	7,027			7,027
Debt Service:				
Redemption of Principal			15,000	15,000
Interest and Fiscal Charges			2,424	2,424
Capital Outlay	1,188	6,294		7,482
	<u>42,181</u>	<u>61,270</u>	<u>17,646</u>	<u>121,097</u>
<b>Total Cash Disbursements</b>				
	<u>42,181</u>	<u>61,270</u>	<u>17,646</u>	<u>121,097</u>
<b>Total Receipts Over Disbursements</b>	78,025	69,671	1,711	149,407
<b>Fund Cash Balances, January 1</b>	<u>22,585</u>	<u>333,724</u>	<u>2,763</u>	<u>359,072</u>
<b>Fund Cash Balances, December 31</b>	<u>\$100,610</u>	<u>\$403,395</u>	<u>\$4,474</u>	<u>\$508,479</u>

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



**BOKESCREEK TOWNSHIP  
LOGAN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Bokescreek Township, Logan 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'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 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.

**Fire District Fund** - This fund receives taxes from a Township levy for the operation of the Township fire department.

**Ambulance Fund** - This fund receives taxes from a Township levy to provide ambulance services to the Township residents.

**BOKESCREEK TOWNSHIP  
LOGAN COUNTY**

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

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

**3. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

**General Bond and Note Retirement Fund** - This fund receives taxes for the retirement of the Township debt.

**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 cancelled, and reappropriated in the subsequent year. The Township did not encumber all commitments 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.

**BOKESCREEK TOWNSHIP  
LOGAN COUNTY**

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

**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>2000</u>	<u>1999</u>
Demand deposits	\$221,701	\$272,432
Certificates of deposit	<u>250,701</u>	<u>236,047</u>
Total deposits	<u>\$472,402</u>	<u>\$508,479</u>

**Deposits:** Deposits are either insured 1) by the Federal Depository Insurance Corporation, or 2) collateralized by the financial institution's public entity deposit pool.

**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	\$60,000	\$80,671	\$20,671
Special Revenue	129,900	135,918	6,018
Debt Service	19,300	19,460	160
Capital Projects	<u>9,200</u>	<u>0</u>	<u>(9,200)</u>
Total	<u>\$218,400</u>	<u>\$236,049</u>	<u>\$17,649</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$162,668	\$90,955	\$71,713
Special Revenue	531,235	164,015	367,220
Debt Service	23,773	17,156	6,617
Capital Projects	<u>10,035</u>	<u>0</u>	<u>10,035</u>
Total	<u>\$727,711</u>	<u>\$272,126</u>	<u>\$455,585</u>

**BOKESCREEK TOWNSHIP  
LOGAN COUNTY**

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

**3. BUDGETARY ACTIVITY(Continued)**

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$116,595	\$120,206	\$3,611
Special Revenue	131,806	130,941	(865)
Debt Service	19,200	19,357	157
Capital Projects	4,600	0	(4,600)
Total	<u>\$272,201</u>	<u>\$270,504</u>	<u>(\$1,697)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$81,944	\$42,181	\$39,763
Special Revenue	459,214	61,270	397,944
Debt Service	21,962	17,646	4,316
Capital Projects	5,435	0	5,435
Total	<u>\$568,555</u>	<u>\$121,097</u>	<u>\$447,458</u>

The Township did not prior certify all expenditures which violates Ohio Rev. Code Section 5705.41(D).

The Township used Motor Vehicle License Tax money to construct a building to house the administration offices and road equipment. This violated the requirements of Ohio Rev. Code Section 4503.02.

The Township incorrectly allocated the cost of their administration and road equipment building to the Gas Tax Fund which violated the requirements of Ohio Rev. Code Section 5735.27(A)(5).

**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.

**BOKESCREEK TOWNSHIP  
LOGAN COUNTY**

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

**4. PROPERTY TAX (Continued)**

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

**5. RETIREMENT SYSTEMS**

**A. Public Employees Retirement System**

The Township's employee belongs 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 during the period January 1, 1999 through June 30, 2000. During the period of July 2000 through December 31, 2000 there was a temporary reduction which reduced the employer rate to 8.13%. The Township has paid all contributions required through December 31, 2000.

**B. Social Security System**

One Trustee member has elected Social Security. The Township's liability is 6.2 percent of wages paid.

**6. RISK MANAGEMENT**

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool 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 Pool:

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

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

Bokescreek Township  
Logan County  
7357 Road 50  
Ridgeway, Ohio 43345

To the Board of Trustees:

We have audited the financial statements of Bokescreek Township, Logan County (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 19, 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 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 are described in the accompanying Schedule of Findings, as items 2000-40346-001 and 2000-40346-002. We also noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated June 19, 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 19, 2001.

Bokescreek Township  
Logan 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 the audit committee, 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 19, 2001



**BOKESCREEK TOWNSHIP  
LOGAN 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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<b>Finding Number</b>	<b>2000-40346-01</b>
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**Noncompliance Citation**

**Ohio Revised Code 5735.27(A)(5)** provides a description of the distribution and use of gasoline excise tax. This Section states that no part of the funds shall be used for any purpose except to pay in whole or part the contract price of any such work done by contract, or to pay the cost of labor in planning, constructing, widening, and reconstructing such roads and highways, and the cost of materials forming a part of the improvement; provided, that such funds may be used for the purchase of road machinery and equipment and for the planning, construction, and maintenance of suitable buildings for housing road machinery and equipment.

**Ohio Revised Code 4503.02** provides description for the use of levy of annual license tax. An annual license tax is hereby levied upon the operation of motor vehicles on the public roads or highways, for the purpose of enforcing and paying the expense of administering the law relative to the registration and operation of such vehicles; planning, constructing, maintaining, and repairing public roads, highways, and streets; maintaining and repairing bridges and viaducts; paying the counties' proportion of the cost and expenses of cooperating with the department of transportation in the planning, improvement, and construction of state highways; paying the counties' portion of the compensation, damages, cost, and expenses of planning, constructing, reconstructing, improving, maintaining, and repairing roads; paying the principal, interest, and charges on county bonds and other obligations issued pursuant to Chapter 133 of the Revised Code for highway improvements; for the purpose of providing motorcycle safety and education instruction; enabling municipal corporations to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; paying the principal, interest, and other charges on municipal bonds issued pursuant to Chapter 133 of the Revised Code for highway improvements; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to purchase, erect, and maintain traffic lights and signals; to supplement revenue already available for such purposes; to pay the interest, principal, and charges on bonds and other obligations issued pursuant to Section 2i of Article VIII, Ohio Constitution, and Sections 5528.30 and 5528.31 of the Revised Code.

The Township constructed a building to house the administration offices and to store road equipment. This building was paid for using General Fund, Gasoline Tax Fund, and Motor Vehicle License Tax Fund money. The payment from the Motor Vehicle License Fund is illegal per Ohio Rev. Code Section 4503.02. Based on an allocation of square footage in the building and the intended use for the building, expenditures were not allocated correctly to the General and Gasoline Tax Funds.

The Township has made the necessary adjustments to increase/decrease fund balances to properly reflect these amounts. The financial statements in this report reflect these adjustments. These adjustments had the following effect upon the respective fund type balances:

Fund	General Fund	Gasoline Tax Fund	Motor Vehicle Fund
Adjustment	(42,678)	6,678	36,000

**BOKESCREEK TOWNSHIP  
LOGAN COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS(Continued)</b>
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<b>Finding Number</b>	<b>2000-40346-02</b>
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**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41 (D)** states that no order 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 encumbrances.

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 an 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 less than \$1,000 for Townships may be paid by the fiscal officer without such certificate 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.

During 2000, thirty-nine percent, and during 1999, thirty -seven percent of the transactions were not certified by the Clerk prior to making orders for the expenditure of the Township funds. In addition, neither of the two exceptions above were utilized for these transactions. Procedures should be implemented not only to help assure compliance with this requirement, but to help prevent the unauthorized obligation of Township funds.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**BOKESCREEK TOWNSHIP**

**LOGAN 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 10, 2001**