



**BERN TOWNSHIP  
ATHENS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 - 2001**



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

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**STATE OF OHIO**



**BERN TOWNSHIP  
ATHENS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
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, 2001 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Fiduciary Fund Types – For the Year Ended December 31, 2000 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings .....	13
Schedule of Prior Audit Findings .....	17

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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## REPORT OF INDEPENDENT ACCOUNTANTS

Bern Township  
Athens County  
17484 Plantsville Road  
Amesville, Ohio 45711

To the Board of Trustees:

We have audited the accompanying financial statements of Bern Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2001 and 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 Bern Township, Athens County, as of December 31, 2001 and 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 20, 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 the audit committee, management, the Board of Trustees, and other officials authorized to receive this report under Section 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", written in a cursive style.

**Jim Petro**  
Auditor of State

March 20, 2002

**BERN TOWNSHIP  
ATHENS COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$16,760	\$28,403	\$45,163
Intergovernmental	11,455	63,473	74,928
Licenses, Permits, and Fees		5,215	5,215
Earnings on Investments	120	298	418
Other Revenue	1,422	4,715	6,137
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	29,757	102,104	131,861
<b>Cash Disbursements:</b>			
Current:			
General Government	20,198	134	20,332
Public Safety		5,901	5,901
Public Works	1,416	54,424	55,840
Health	160	11,289	11,449
Capital Outlay		7,446	7,446
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	21,774	79,194	100,968
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	7,983	22,910	30,893
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	1,788	12,186	13,974
<b>Fund Cash Balances, December 31</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>\$9,771</b>	<b>\$35,096</b>	<b>\$44,867</b>

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

**BERN TOWNSHIP  
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY 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>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$16,407	\$29,661	\$	\$46,068
Intergovernmental	12,813	63,058		75,871
Licenses, Permits, and Fees		4,610		4,610
Earnings on Investments	165	286		451
Other Revenue	156	1,980		2,136
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	29,541	99,595	0	129,136
<b>Cash Disbursements:</b>				
Current:				
General Government	35,817	130		35,947
Public Safety		5,790		5,790
Public Works	2,060	72,154		74,214
Health		10,752		10,752
Capital Outlay		13,738	5,000	18,738
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	37,877	102,564	5,000	145,441
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/> (8,336)	<hr/> (2,969)	<hr/> (5,000)	<hr/> (16,305)
Fund Cash Balances, January 1	<hr/> 10,124	<hr/> 15,155	<hr/> 5,000	<hr/> 30,279
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$1,788</b>	<hr/> <b>\$12,186</b>	<hr/> <b>\$0</b>	<hr/> <b>\$13,974</b>

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



**BERN TOWNSHIP  
ATHENS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Bern Township, Athens 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 and a publicly elected Clerk. The Township provides general governmental services, including road and bridge maintenance (public works), cemetery maintenance (health), and fire protection (public safety).

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. 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:

*Motor Vehicle License Tax Fund* - This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads.

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

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

**BERN TOWNSHIP  
ATHENS COUNTY**

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

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

**C. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Fire District Fund* - This fund receives property tax money to provide fire protection through a contract with Amesville Fire Department.

*Cemetery Fund* - This fund receives property tax money and receipts from sales of cemetery plots for maintaining and repairing Township cemeteries.

*Permissive Motor Vehicle Tax* - This fund receives permissive motor vehicle license tax money for constructing, maintaining and repairing Township roads.

**3. Fiduciary Funds (Trust Funds)**

The trust fund is 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 an expendable trust fund. The Township had the following Fiduciary Fund in 2000:

*Cemetery Bequest Funds* - This expendable trust fund was used for building/repair of the shelter house at Sandrock Cemetery.

**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 balances 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 2001 and 2000 budgetary activity appears in Note 3.

**BERN TOWNSHIP  
ATHENS COUNTY**

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

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

**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 sick and vacation 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.

**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:

	<b>2001</b>	<b>2000</b>
Demand deposits	\$ 44,867	\$ 13,974

Deposits are insured by the Federal Deposit Insurance Corporation.

**3. BUDGETARY ACTIVITY**

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 28,683	\$ 29,757	\$ 1,074
Special Revenue	102,583	102,104	(479)
Total	\$ 131,266	\$ 131,861	\$ 595

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 29,682	\$ 21,774	\$ 7,908
Special Revenue	103,039	79,194	23,845
Total	\$ 132,721	\$ 100,968	\$ 31,753

**BERN TOWNSHIP  
ATHENS COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 66,896	\$ 29,541	\$ (37,355)
Special Revenue	100,528	99,595	(933)
Expendable Trust	0	0	0
Total	\$ 167,424	\$ 129,136	\$ (38,288)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 77,021	\$ 37,877	\$ 39,144
Special Revenue	115,803	102,564	13,239
Expendable Trust	5,000	5,000	0
Total	\$ 197,824	\$ 145,441	\$ 52,383

At December 31, 2000, budgeted revenue exceeded actual revenue and no reduced certificate was requested. In addition, several budgetary amendments were posted to the accounting system which were not formally adopted by the Board of Trustees and filed with the County Auditor as required by the Ohio Revised Code.

**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.

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

**BERN TOWNSHIP  
ATHENS COUNTY**

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

**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. 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. 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**

For the period January 1, 2000 through September, 2001, the Township obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public Officials Liability

The Township also provides health and dental insurance coverage to full-time employees and elected officials through a private carrier.

**Risk Pool Membership**

In September, 2001, the Township joined 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 judgements, 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.

**BERN TOWNSHIP  
ATHENS COUNTY**

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

**6. RISK MANAGEMENT (Continued)**

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, 2000 and 1999 (the latest information available):

<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>



STATE OF OHIO  
OFFICE OF THE AUDITOR

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

Bern Township  
Athens County  
17484 Plantsville Road  
Amesville, Ohio 45711

To the Board of Trustees:

We have audited the accompanying financial statements of Bern Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 20, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2001-40704-001 through 2001-40704-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 20, 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 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 March 20, 2002.

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

**Jim Petro**  
Auditor of State

March 20, 2002



**BERN TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-40704-001**

**Noncompliance Citation**

Ohio Rev. Code § 5705.36 allows all subdivisions to request reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be less than the amount in the official certificate of estimated resources. The Township must request a reduced amended certificate when actual receipts plus January 1 unencumbered cash will be less than amounts appropriated.

The total estimated resources exceeded actual revenue plus carryover unencumbered balances and appropriations were greater than actual revenue at December 31, 2000, as follows:

<u>Fund</u>	<u>Total Estimated Resources</u>	<u>Actual Receipts Plus Beginning Unencumbered Balances</u>	<u>Appropriation Authority</u>
General Fund	\$ 77,020	\$ 39,665	\$ 77,020
Motor Vehicle License Tax Fund	17,476	16,916	17,476
Cemetery Fund	18,255	15,414	18,255

In addition, there were variances between the amounts on the 2000 and 2001 certificates of estimated resources and the amounts posted to the accounting system.

Since the appropriations for these funds were based on the total estimated resources and no amended certificates were requested, this could have resulted in deficit spending if the Township obligated or expended according to the appropriation amounts. We also reported this matter, to the Township, in a separate letter addressing our audit of the 1998 and 1999 financial statements.

We recommend the Township obtain a reduced amended certificate of estimated resources when it becomes apparent the Township is going to receive less than what was estimated. This amended certificate must be formally adopted by the Trustees and filed with the County Auditor prior to posting to the accounting system. We also recommend the Township's management monitor the effect of the reduction in relation to their appropriations and make amendments as needed.

**FINDING NUMBER 2001-40704-002**

**Noncompliance Citation**

Ohio Rev. Code § 5705.38 states that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

Also, Ohio Rev. Code Section 5705.41(B) states that no subdivision is to expend money unless it has been appropriated.

The Board of Trustees did not adopt appropriations for 2000 until February 5, 2000. This resulted in expenditures exceeding appropriations in every fund and line-item for the period January 1, 2000 through February 5, 2000. We also reported this matter, to the Township, in a separate letter addressing our audit of the 1998 and 1999 financial statements.

We recommend that, on or about the first day of each fiscal year, the Township pass a temporary

appropriation measure for meeting the ordinary expenses until the permanent measure is adopted.

**BERN TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**FINDING NUMBER 2001-40704-003**

**Noncompliance Citation**

Ohio Rev. Code § 5705.40 states that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation.

Rulings filed in the case of *C. B. Transportation, Inc. v. Butler County Board of Mental Retardation*, 60 Ohio Misc. 71, 397 N.E.2d 781 (C.P. 1979), as well as, *Burkholder v. Lauber*, 6 Ohio Misc. 152 (1965), held that a board or officer whose judgment and discretion is required, was chosen because they were deemed fit and competent to exercise that judgment and discretion and unless power to substitute another in their place has been given, such board or officer cannot delegate these duties to another. Following such reasoning, a local government's governing board would be prohibited from delegating duties statutorily assigned to it, such as the ability to amend appropriations as provided for in Ohio Rev. Code section 5705.40. adopted.

During both 2000 and 2001, the Township Clerk posted supplemental appropriations to the accounting system which had not been approved by the Trustees, nor filed with the County Budget Commission. By allowing the Clerk to amend and supplement the appropriation measure adopted by the Trustees, errors and irregularities can occur and remain undetected for an extended period of time. This also limits the information that the Trustees need to make informed management decisions concerning the financial future of the Township.

We recommend the Township Trustees approve all amended and supplemental appropriation measures in their meetings, that the record of proceedings reflect the amended or supplemented appropriations and that the amended or supplemented appropriations be filed with the County Auditor prior to posting the changes to the system.

**FINDING NUMBER 2001-40704-004**

**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 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 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.

**BERN TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b></p>
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**FINDING NUMBER 2001-40704-004 (Continued)**

**Noncompliance Citation - Ohio Revised Code § 5705.41(D) (Continued)**

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 incurred 40% of all expenditures tested, from the period of January 1, 2000 to December 31, 2001, prior to obtaining certification by the Clerk and no "Then and Now" certificate was obtained. We also reported this matter, to the Township in our audit of the 1998 and 1999 financial statements.

We recommend the Township obtain certification of the Clerk that the 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, prior to incurring an obligation.

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BERN TOWNSHIP  
ATHENS COUNTY

SCHEDULE PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
1999-40705-001	A noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for expenditures not being properly encumbered.	No	Not Corrected: Refer to Finding Number 2001-40704-004.





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**BERN TOWNSHIP**

**ATHENS 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  
MAY 9, 2002**