



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

BLANCHARD TOWNSHIP
PUTNAM COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Blanchard Township
Putnam County
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Ottawa, Ohio 45875-0324

To the Board of Trustees:

We have audited the accompanying financial statements of Blanchard Township (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 and reserve for encumbrances of the Township 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 April 1, 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.

Blanchard Township
Putnam County
Report of Independent Accountants
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This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 1, 2002

**BLANCHARD TOWNSHIP
PUTNAM 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**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$11,030	\$99,117	\$110,147
Intergovernmental	45,913	78,755	124,668
Charges for Services		8,578	8,578
Licenses, Permits, and Fees		7,575	7,575
Earnings on Investments	1,874	2,908	4,782
Other Revenue		14,312	14,312
	<u>58,817</u>	<u>211,245</u>	<u>270,062</u>
Total Cash Receipts	<u>58,817</u>	<u>211,245</u>	<u>270,062</u>
Cash Disbursements:			
Current:			
General Government	78,576		78,576
Public Safety		46,527	46,527
Public Works	12,969	105,343	118,312
Health		19,218	19,218
Capital Outlay		4,584	4,584
	<u>91,545</u>	<u>175,672</u>	<u>267,217</u>
Total Cash Disbursements	<u>91,545</u>	<u>175,672</u>	<u>267,217</u>
Total Receipts Over/(Under) Disbursements	<u>(32,728)</u>	<u>35,573</u>	<u>2,845</u>
Other Financing Receipts:			
Sale of Fixed Assets		9,000	9,000
Other Sources	1,832		1,832
	<u>1,832</u>	<u>9,000</u>	<u>10,832</u>
Total Other Financing Receipts	<u>1,832</u>	<u>9,000</u>	<u>10,832</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(30,896)	44,573	13,677
Fund Cash Balances, January 1	<u>68,579</u>	<u>118,698</u>	<u>187,277</u>
Fund Cash Balances, December 31	<u>\$37,683</u>	<u>\$163,271</u>	<u>\$200,954</u>
Reserve for Encumbrances, December 31	<u> </u>	<u> </u>	<u> </u>

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

**BLANCHARD TOWNSHIP
PUTNAM 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$10,826	\$97,166	\$107,992
Intergovernmental	83,234	78,533	161,767
Charges for Services		8,886	8,886
Licenses, Permits, and Fees		8,700	8,700
Earnings on Investments	5,815	5,206	11,021
Other Revenue		9,044	9,044
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	99,875	207,535	307,410
Cash Disbursements:			
Current:			
General Government	58,582		58,582
Public Safety		30,248	30,248
Public Works		103,183	103,183
Health		21,229	21,229
Capital Outlay		236,411	236,411
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	58,582	391,071	449,653
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	41,293	(183,536)	(142,243)
Other Financing Receipts:			
Other Sources	139		139
Inception of Capital Lease		151,000	151,000
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	139	151,000	151,139
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	41,432	(32,536)	8,896
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	27,147	151,234	178,381
Fund Cash Balances, December 31	<u>\$68,579</u>	<u>\$118,698</u>	<u>\$187,277</u>
Reserve for Encumbrances, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
		\$27,403	\$27,403

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

**BLANCHARD TOWNSHIP
PUTNAM COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Blanchard Township, Putnam 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 road and bridge maintenance, cemetery maintenance and fire protection.

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

Repurchase agreements are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**BLANCHARD TOWNSHIP
PUTNAM COUNTY**

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

Fire District Fund - This fund receives proceeds of special levies to maintain the Township fire department .

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

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 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 carried forward and need not be reappropriated.

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

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. 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 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:

**BLANCHARD TOWNSHIP
PUTNAM COUNTY**

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

	2001	2000
Demand deposits	\$200,954	\$42,594
Overnight repurchase agreement		144,683
Total deposits and investments	\$200,954	\$187,277

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

Investments: The Township and its financial institution have an agreement in which account balances are automatically invested in an overnight repurchase agreement. The financial institution maintains records identifying the Township as the owner of the securities subject to the repurchase agreement.

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	\$98,096	\$60,649	(\$37,447)
Special Revenue	470,074	220,245	(249,829)
Total	\$568,170	\$280,894	(\$287,276)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$166,677	\$91,545	\$75,132
Special Revenue	616,174	175,672	440,502
Total	\$782,851	\$267,217	\$515,634

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$102,551	\$100,014	(\$2,537)
Special Revenue	432,683	358,535	(74,148)
Total	\$535,234	\$458,549	(\$76,685)

**BLANCHARD TOWNSHIP
PUTNAM COUNTY**

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

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$129,698	\$58,582	\$71,116
Special Revenue	583,916	418,474	165,442
Total	\$713,614	\$477,056	\$236,558

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.

5. RETIREMENT SYSTEMS

The Township's officials and full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provide 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. Members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and for January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, for the period July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

Risk Pool Membership

The Township is a member of the Ohio Township Risk Management Authority Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

**BLANCHARD TOWNSHIP
PUTNAM COUNTY**

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

- General liability and casualty;
- Wrongful acts; and
- Vehicle.

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2000	1999
Cash and investments	\$22,684,383	\$18,172,222
Actuarial liabilities	\$8,924,977	\$5,947,013

The Township also provides health insurance to the officials through a private carrier.

7. CAPITAL LEASE

During 2000 the Township entered into 2 lease agreements for the purchase of a fire truck and a tractor.

At inception, the capital lease transactions are accounted for as a capital outlay expenditure and other financing source in the appropriate fund. Lease payments are recorded as public safety disbursements for the fire truck and public works disbursements for the dump truck.

Principal payments in 2001 and 2000 totaled \$108,035 in the General and Special Revenue funds.

At December 31, 2001 there was a total of \$107,197 remaining to be paid on these leases, \$92,113 for the fire truck and \$15,084 for the tractor.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of December 31, 2001.

Year Ending December 31	Amount
2002	\$57,372
2003	49,825
Total Future Minimum Lease Payments	107,197
Less: Amount Representing Interest	5,913
Present Value of Future Minimum Lease Payments	\$101,284

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

Blanchard Township
Putnam County
11063 Road 3
P.O. Box 324
Ottawa, Ohio 45875-0324

To the Board of Trustees:

We have audited the accompanying financial statements of Blanchard Township (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 1, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2001-40269-001. We also noted a certain immaterial instance of noncompliance that we have reported to the management of the Township in a separate letter dated April 1, 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 April 1, 2002.

Blanchard Township
Putnam County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

April 1, 2002

**BLANCHARD TOWNSHIP
PUTNAM COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-40269-001

Finding Repaid Under Audit

Ohio Revised Code § 505.60(A) allows the board of township trustees of any township to procure health insurance for township officers and employees. On December 21, 1999, the Township passed a resolution to provide uniform insurance coverage for all Township officials, at a maximum cost to the Township of \$7,000 per year. For 2001 the Township paid \$8,057.21 for health insurance coverage for Trustee, Gerald Maag, resulting in an overpayment of \$1,057.21.

Ohio Revised Code § 117.28 states that when an audit report sets forth that any public money has been illegally expended, the Township's legal counsel may institute civil action to recover the money illegally expended.

Based on the forgoing facts a finding for recovery is hereby returned against Gerald Maag, Trustee, and the Ohio Casualty Insurance Company, his surety, jointly and severally, in the amount of \$1,057.21 in favor of the Township treasury.

Mr. Maag reimbursed the Township \$1,057.21 on March 27, 2002.



STATE OF OHIO
OFFICE OF THE AUDITOR

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BLANCHARD TOWNSHIP

PUTNAM 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**