



Dave Yost • Auditor of State



**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Blackcreek Township  
Mercer County  
10789 Grauberger Rd  
Rockford, Ohio 45882

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements by fund type, and related notes of Blackcreek Township, Mercer County, (the Township) as of and for the years ended December 31, 2015 and 2014.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Blackcreek Township, Mercer County, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2016, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 20, 2016

**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

|   | <u>General</u>   | <u>Special<br/>Revenue</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|------------------|----------------------------|---|
| <b>Cash Receipts:</b>                         |                  |                            |   |
| Property and Other Local Taxes                | \$71,153         | \$28,818                   | \$99,971                                |
| Licenses, Permits and Fees                    | 450              |                            | 450                                     |
| Intergovernmental                             | 64,537           | 104,095                    | 168,632                                 |
| Earnings on Investments                       | 130              | 91                         | 221                                     |
| Miscellaneous                                 | 8                | 4                          | 12                                      |
| Total Cash Receipts                           | <u>136,278</u>   | <u>133,008</u>             | <u>269,286</u>                          |
| <b>Cash Disbursements:</b>                    |                  |                            |   |
| <b>Current:</b>                               |                  |                            |   |
| General Government                            | 75,494           |                            | 75,494                                  |
| Public Safety                                 |                  | 24,300                     | 24,300                                  |
| Public Works                                  |                  | 119,572                    | 119,572                                 |
| Capital Outlay                                |                  | 2,000                      | 2,000                                   |
| Total Cash Disbursements                      | <u>75,494</u>    | <u>145,872</u>             | <u>221,366</u>                          |
| Excess of Receipts Over (Under) Disbursements | <u>60,784</u>    | <u>(12,864)</u>            | <u>47,920</u>                           |
| Fund Cash Balances, January 1                 | <u>88,271</u>    | <u>68,216</u>              | <u>156,487</u>                          |
| <b>Fund Cash Balances, December 31:</b>       |                  |                            |   |
| Restricted                                    |                  | 55,352                     | 55,352                                  |
| Assigned                                      | 129,216          |                            | 129,216                                 |
| Unassigned                                    | 19,839           |                            | 19,839                                  |
| Fund Cash Balances, December 31               | <u>\$149,055</u> | <u>\$55,352</u>            | <u>\$204,407</u>                        |

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

**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

|  | <u>General</u>  | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|-----------------|----------------------------|-----------------------------|---|
| <b>Cash Receipts:</b>                    |                 |                            |                             |   |
| Property and Other Local Taxes           | \$41,683        | \$28,327                   |                             | \$70,010                                |
| Licenses, Permits and Fees               | 280             |                            |                             | 280                                     |
| Intergovernmental                        | 24,664          | 103,129                    | \$21,000                    | 148,793                                 |
| Earnings on Investments                  | 92              | 98                         |                             | 190                                     |
| Miscellaneous                            | 751             | 15                         |                             | 766                                     |
| Total Cash Receipts                      | <u>67,470</u>   | <u>131,569</u>             | <u>21,000</u>               | <u>220,039</u>                          |
| <b>Cash Disbursements:</b>               |                 |                            |                             |   |
| <b>Current:</b>                          |                 |                            |                             |   |
| General Government                       | 66,182          |                            |                             | 66,182                                  |
| Public Safety                            |                 | 22,294                     |                             | 22,294                                  |
| Public Works                             |                 | 119,533                    |                             | 119,533                                 |
| Health                                   | 1,530           |                            |                             | 1,530                                   |
| Capital Outlay                           |                 | 2,000                      | 21,000                      | 23,000                                  |
| Total Cash Disbursements                 | <u>67,712</u>   | <u>143,827</u>             | <u>\$21,000</u>             | <u>232,539</u>                          |
| Excess of Receipts (Under) Disbursements | <u>(242)</u>    | <u>(12,258)</u>            |                             | <u>(12,500)</u>                         |
| Fund Cash Balances, January 1 - restated | <u>88,513</u>   | <u>80,474</u>              |                             | <u>168,987</u>                          |
| <b>Fund Cash Balances, December 31:</b>  |                 |                            |                             |   |
| Restricted                               |                 | 68,216                     |                             | 68,216                                  |
| Assigned                                 | 17,709          |                            |                             | 17,709                                  |
| Unassigned                               | 70,562          |                            |                             | 70,562                                  |
| Fund Cash Balances, December 31          | <u>\$88,271</u> | <u>\$68,216</u>            |                             | <u>\$156,487</u>                        |

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



**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Blackcreek Township, Mercer 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. A publicly elected three-member Board of Trustees and a publicly elected Fiscal Officer direct the Township. 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 Willshire, the Rockford Community Fire Department, and the Chattanooga Community Fire Department to provide fire services and Mercer County Emergency Ambulance to provide ambulance services.

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

**Public Entity Risk Pool:**

**Ohio Plan Risk Management** - a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members").

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits.

**C. Deposits**

The Township Fiscal Officer invests all available funds of the Township in an interest-bearing checking account.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**2. Special Revenue Funds**

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

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

**3. Capital Project Fund**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

**Issue II Fund** – The Township received grant from the State of Ohio for road projects.

**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 re-appropriated in the subsequent year.

A summary of 2015 and 2014 budgetary activity appears in Note 4.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**1. Non-spendable**

The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or it is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant and Equipment**

The Township records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. RESTATEMENT OF FUND BALANCE**

In the prior audit, the Township's Zoning Fund was recorded as a Special Revenue Fund. According to GASB 54, this fund should roll up and be presented with the General Fund. This had the following effect on fund balances previously reported:

**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**2. RESTATEMENT OF FUND BALANCE (Continued)**

|                 | <u>Fund Balance at<br/>January 1, 2014</u> | <u>Restatement</u> | <u>Restated Fund Balance at<br/>January 1, 2014</u> |
|-----------------|--|--------------------|---|
| General Fund    | \$87,988                                   | \$525              | \$88,513  |
| Special Revenue | \$80,999                                   | (\$525)            | \$80,474  |

**3. EQUITY IN POOLED DEPOSITS**

The Township maintains a deposit pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

|                 | <u>2015</u>      | <u>2014</u>      |
|-----------------|------------------|------------------|
| Demand Deposits | <u>\$204,407</u> | <u>\$156,487</u> |

Deposits are fully insured by the Federal Deposit Insurance Corporation.

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2015 and 2014 follows:

**2015 Budgeted vs. Actual Receipts**

| <u>Fund Type</u> | <u>Budgeted<br/>Receipts</u> | <u>Actual<br/>Receipts</u> | <u>Variance</u> |
|------------------|------------------------------|----------------------------|-----------------|
| General          | \$86,891                     | \$136,278                  | \$49,387        |
| Special Revenue  | 122,972                      | 133,008                    | 10,036          |
| Total            | <u>\$209,863</u>             | <u>\$269,286</u>           | <u>\$59,423</u> |

**2015 Budgeted vs. Actual Budgetary Basis Expenditures**

| <u>Fund Type</u> | <u>Appropriation<br/>Authority</u> | <u>Budgetary<br/>Expenditures</u> | <u>Variance</u> |
|------------------|------------------------------------|-----------------------------------|-----------------|
| General          | \$104,600                          | \$75,494                          | \$29,106        |
| Special Revenue  | 187,050                            | 145,872                           | 41,178          |
| Total            | <u>\$291,650</u>                   | <u>\$221,366</u>                  | <u>\$70,284</u> |

**2014 Budgeted vs. Actual Receipts**

| <u>Fund Type</u> | <u>Budgeted<br/>Receipts</u> | <u>Actual<br/>Receipts</u> | <u>Variance</u> |
|------------------|------------------------------|----------------------------|-----------------|
| General          | \$52,738                     | \$67,470                   | \$14,732        |
| Special Revenue  | 124,612                      | 131,569                    | 6,957           |
| Capital          |                              | 21,000                     | 21,000          |
| Total            | <u>\$177,350</u>             | <u>\$220,039</u>           | <u>\$42,689</u> |

**2014 Budgeted vs. Actual Budgetary Basis Expenditures**

| <u>Fund Type</u> | <u>Appropriation<br/>Authority</u> | <u>Budgetary<br/>Expenditures</u> | <u>Variance</u> |
|------------------|------------------------------------|-----------------------------------|-----------------|
| General          | \$95,600                           | \$67,712                          | \$27,888        |
| Special Revenue  | 195,600                            | 143,827                           | 51,773          |
| Capital          |                                    | 21,000                            | (21,000)        |
| Total            | <u>\$291,200</u>                   | <u>\$232,539</u>                  | <u>\$58,661</u> |

**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**5. 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.

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

**6. RETIREMENT SYSTEMS**

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-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. For 2015 and 2014, members of PERS contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014 (latest information available).

|                 | <u>2015</u>        | <u>2014</u>        |
|-----------------|--------------------|--------------------|
| Assets          | \$14,643,667       | \$14,830,185       |
| Liabilities     | <u>(9,112,030)</u> | <u>(8,942,504)</u> |
| Members' Equity | <u>\$5,531,637</u> | <u>\$5,887,681</u> |

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Blackcreek Township  
Mercer County  
10789 Grauberger Rd  
Rockford, Ohio 45882

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Blackcreek Township, Mercer County, (the Township) as of and for the years ended December 31, 2015 and 2014 and the related notes to the financial statements and have issued our report thereon dated December 20, 2016 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 20, 2016



**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2015-001**

**Material Weakness**

**Accuracy of Financial Reporting**

Transactions were posted to the accounting records and annual reports; however, not all transactions were posted to the correct funds or line item accounts. The following items were not properly posted during 2015 and 2014:

- In 2014, the Township failed to record Ohio Public Works Commission on-behalf of revenues and the corresponding capital outlay disbursements in the amount of \$21,000. This led to not properly establishing and reporting a Capital Project fund;
- In 2015 and 2014, the Township improperly recorded homestead and rollback revenues in the General Fund as property taxes rather than intergovernmental revenue in the amounts of \$8,515 and \$5,476, respectively.
- In 2015 and 2014, the Township improperly recorded general fund disbursements in the health expense line item, rather than general government line item, in the amounts of \$6,348 and \$4,613, respectively.
- In 2014, estate tax revenues were recorded in the General Fund in the miscellaneous revenue line item instead of as intergovernmental revenue, in the amount of \$11,727.

Governmental Accounting Standards Board (GASB) Statement No. 54 (GASB Codification 1800.170-1800.177) - *Fund Balance Reporting and Governmental Fund Type Definitions* gives definitions for each of the following fund types General, Special Revenue, Capital Project, Debt Service, and Permanent. GASB Statement No. 54 also establishes fund balance classifications that stipulate use of fund balances based on the extent to which a government is required to observe constraints imposed upon the use of the resources reported in governmental funds and for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The following errors were noted as a result of the Township not properly implementing GASB Statement No 54:

- In 2015 and 2014, the zoning fund was not properly reported within the General Fund, but was reported as a Special Revenue fund. This resulted in an understatement of licenses permits and fees by \$450, General Government expenditures by \$160, Beginning fund balance by \$455, and ending fund balance by \$745 in the General Fund, and an overstatement of the same line items and amounts in the Special Revenue funds in 2015. In 2014, this resulted in an understatement of licenses permits and fees by \$280, General Government expenditures by \$350, Beginning fund balance by \$525, and ending fund balance by \$455 in the General Fund, and an overstatement of the same line items and amounts in the Special Revenue funds.
- In 2015 and 2014, several Special Revenue fund balances were incorrectly classified as Committed, rather than Restricted. The funds were the Motor Vehicle License Tax, Gas Tax, and Permissive Motor Vehicle License Tax and the amounts were \$4,299, \$36,718, and \$8,879 for 2015, respectively and \$12,606, \$43,102, and \$9,029 for 2014 respectively.
- In 2015, all of the General fund balance was incorrectly classified as assigned in the amount of \$148,309. Only a portion of the General Fund balance needed to be classified as assigned in the amount of \$129,216 to properly reflect 2016 appropriations made that exceeded 2016 estimated receipts per GASB 54 guidance.

**FINDING NUMBER 2015-001  
(Continued)**

- In 2014, all of the General fund balance was incorrectly classified as assigned in the amount of \$86,996. Only a portion of the General Fund balance need to be classified as assigned in the amount of \$17,709 to properly reflect 2015 appropriations made that exceeded 2015 estimated receipts per GASB 54 guidance.

The adjustments are reflected on the audited financial statements.

Procedures were not in place to properly review the accuracy of financial reporting.

Policies and procedures should be developed and implemented to verify that all receipts and expenditures are posted in correct accounts. The fiscal officer should review postings each month and again at the end of the fiscal year to verify that all amounts are classified and posted in accordance with the Township's chart of accounts. The Fiscal Officer should also provide reports to the Board of Trustees to review the classification of receipts and expenditures in the UAN system for accuracy. The Township Fiscal Officer should review Auditor of State Bulletin 2011-004 when completing the annual report to properly implement GASB Statement No. 54. Failure to do so may result in incorrect classification of funds and inaccurate financial statements.

**Officials' Response**

We did not receive a response to this finding.

**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

| <b>Finding Number</b> | <b>Finding Summary</b>   | <b>Status</b>  | <b>Additional Information</b> |
|-----------------------|--|----------------|-------------------------------|
| 2013-001              | Material Weakness – Posting Receipts and Fund Balance Classification | Not Corrected. | See Finding 2015-001.         |

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# Dave Yost • Auditor of State

**BLACKCREEK TOWNSHIP**

**MERCER 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  
FEBRUARY 9, 2017**