



**BLUE ROCK TOWNSHIP
MUSKINGUM COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1997



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BLUE ROCK TOWNSHIP
TABLE OF CONTENTS**

TITLE	PAGE
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, 1999	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance - Nonexpendable Trust Fund - For the Year Ended December 31, 1999	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 1998	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance - Nonexpendable Trust Fund - For the Year Ended December 31, 1998	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 1997	7
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance - Nonexpendable Trust Fund - For the Year Ended December 31, 1997	8
Notes to the Financial Statements	9
Report of Independent Accountants on Compliance and on Internal Controls Required by <i>Government Auditing Standards</i>	15
Schedule of Findings	17
Corrective Action Plan	20
Schedule of Prior Year Audit Findings	21

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

REPORT OF INDEPENDENT ACCOUNTANTS

Blue Rock Township
Muskingum County
7000 South River Road
Blue Rock, Ohio 43720

To the Board of Trustees:

We have audited the accompanying financial statements of Blue Rock Township, Muskingum County, Ohio, (the Township) as of and for the years ended December 31, 1999, 1998 and 1997. 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 generally accepted auditing standards 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 described 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 Blue Rock Township, Muskingum County, as of December 31, 1999, 1998, and 1997, and its combined cash receipts and cash 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 a report dated August 24, 2000, 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.

This report is intended solely for the information and use of the Board of Trustees, management 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".

Jim Petro
Auditor of State

August 24, 2000

BLUE ROCK TOWNSHIP
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>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$8,535	\$15,688	\$24,223
Intergovernmental	31,534	65,326	96,860
Interest	387		387
Miscellaneous	1,544		1,544
Total Cash Receipts	<u>42,000</u>	<u>81,014</u>	<u>123,014</u>
Cash Disbursements:			
General Government	29,288		29,288
Public Safety	4,700		4,700
Public Works	4,108	70,670	74,778
Total Cash Disbursements	<u>38,096</u>	<u>70,670</u>	<u>108,766</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	3,904	10,344	14,248
Fund Cash Balances, January 1	<u>18,542</u>	<u>9,347</u>	<u>27,889</u>
Fund Cash Balances, December 31	<u><u>\$22,446</u></u>	<u><u>\$19,691</u></u>	<u><u>\$42,137</u></u>

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

**BLUE ROCK TOWNSHIP
STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS AND CHANGES IN
FUND CASH BALANCE - NONEXPENDABLE TRUST FUND -
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Nonexpendable Trust</u>
Fund Cash Balance, January 1	<u>\$662</u>
Fund Cash Balance, December 31	<u><u>\$662</u></u>

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

BLUE ROCK TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$9,132	\$14,573	\$23,705
Intergovernmental	25,691	61,017	86,708
Interest	323		323
Miscellaneous	5,934		5,934
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	41,080	75,590	116,670
Cash Disbursements:			
General Government	23,089		23,089
Public Safety	6,300		6,300
Public Works	510		510
Health		76,119	76,119
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	29,899	76,119	106,018
Excess of Cash Receipts Over/(Under) Cash Disbursements	11,181	(529)	10,652
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	7,361	9,876	17,237
Fund Cash Balances, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$18,542	\$9,347	\$27,889

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

**BLUE ROCK TOWNSHIP
STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS AND CHANGES IN
FUND CASH BALANCE - NONEXPENDABLE TRUST FUND -
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1998**

	<u>Nonexpendable Trust</u>
Fund Cash Balance, January 1	<u>\$662</u>
Fund Cash Balance, December 31	<u><u>\$662</u></u>

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

BLUE ROCK TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1997

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$8,934	\$15,252	\$24,186
Intergovernmental	19,547	60,487	80,034
Interest	327		327
Miscellaneous	9,440		9,440
Total Cash Receipts	38,248	75,739	113,987
Cash Disbursements:			
General Government	26,860		26,860
Public Safety	6,100		6,100
Public Works	421	69,487	69,908
Health		2,038	2,038
Total Cash Disbursements	33,381	71,525	104,906
Excess of Cash Receipts Over/(Under) Cash Disbursements	4,867	4,214	9,081
Fund Cash Balances, January 1	2,494	5,662	8,156
Fund Cash Balances, December 31	\$7,361	\$9,876	\$17,237

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

BLUE ROCK TOWNSHIP
STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS AND CHANGES IN
FUND CASH BALANCE - NONEXPENDABLE TRUST FUND -
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997

	<u>Nonexpendable</u> <u>Trust</u>
Fund Cash Balance, January 1	<u>\$662</u>
Fund Cash Balance, December 31	<u><u>\$662</u></u>

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

**BLUE ROCK TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999, 1998, AND 1997**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Entity

Blue Rock Township, Muskingum County, Ohio, (the Township) is a body politic and corporate 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 publically elected Clerk. The Township provides general governmental services, police services, street lighting, and maintenance of Township roads.

The Township's management believes these financial statements represent 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 a payment is made rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Township had only one checking account and had no investments during the period January 1, 1997 and December 31, 1999.

D. Fund Accounting

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

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

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 received gasoline tax monies to construct, maintain and repair Township roadways.

Road and Bridge Fund - This fund received property tax monies to construct, maintain and repair Township roadways.

**BLUE ROCK TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999, 1998, AND 1997**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Fiduciary Fund

Trust funds are 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 a Nonexpendable Trust Fund. Other trust funds are classified as Expendable Trust Funds. The Township had the following significant Nonexpendable Trust Fund:

Cemetery Bequest Fund - This fund was used to record interest receipts for the upkeep of Township cemeteries. For the period January 1, 1997 through December 31, 1999, the Township maintained these funds in non interest bearing accounts and the fund was dormant.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (i.e., 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. 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 commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999, 1998 and 1997 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.

**BLUE ROCK TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999, 1998, AND 1997**

2. EQUITY IN POOLED CASH

The Township maintains a cash 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>1999</u>	<u>1998</u>	<u>1997</u>
Demand Deposits	<u>\$42,799</u>	<u>\$28,551</u>	<u>\$17,899</u>

Deposits: The Township's deposits are insured by the Federal Deposit Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999, December 31, 1998, and December 31, 1997 was as follows:

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$29,867	\$42,000	\$12,133
Special Revenue	73,826	81,014	7,188
Nonexpendable Trust	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$103,693</u>	<u>\$123,014</u>	<u>\$19,321</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Disbursements</u>	<u>Variance</u>
General	\$48,408	\$38,096	\$10,312
Special Revenue	83,173	70,670	12,503
Nonexpendable Trust	<u>662</u>	<u>0</u>	<u>662</u>
Total	<u>\$132,243</u>	<u>\$108,766</u>	<u>\$23,477</u>

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$23,762	\$41,080	\$17,318
Special Revenue	67,420	75,590	8,170
Nonexpendable Trust	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$91,182</u>	<u>\$116,670</u>	<u>\$25,488</u>

**BLUE ROCK TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999, 1998, AND 1997**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Disbursements</u>	<u>Variance</u>
General	\$31,122	\$29,899	\$1,223
Special Revenue	77,297	76,119	1,178
Nonexpendable Trust	<u>662</u>	<u>0</u>	<u>662</u>
Total	<u>\$109,081</u>	<u>\$106,018</u>	<u>\$3,063</u>

1997 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$24,443	\$38,248	\$13,805
Special Revenue	66,680	75,739	9,059
Nonexpendable Trust	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$91,123</u>	<u>\$113,987</u>	<u>\$22,864</u>

1997 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Disbursements</u>	<u>Variance</u>
General	\$28,421	\$33,381	(\$4,960)
Special Revenue	71,066	71,525	(459)
Nonexpendable Trust	<u>662</u>	<u>0</u>	<u>662</u>
Total	<u>\$100,149</u>	<u>\$104,906</u>	<u>(\$4,757)</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**BLUE ROCK TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999, 1998, AND 1997**

5. RETIREMENT SYSTEM

The Township's employees and officials 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 1999, 1998 and 1997, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Township has obtained commercial insurance coverage for the following risks:

- General liability and casualty
- Public officials' liability
- Vehicles
- Property

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

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

Blue Rock Township
Muskingum County
7000 South River Road
Blue Rock, Ohio 43720

To The Township Trustees:

We have audited the accompanying financial statements of Blue Rock Township, Muskingum County, Ohio, (the Township) as of and for the years ended December 31, 1999, 1998, and 1997, and have issued our report thereon dated August 24, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 is required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-41060-001 through 1999-41060-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 24, 2000.

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 another matter involving the control over financial reporting that does not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated August 24, 2000.

This report is intended for the information and use of the management and 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". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

August 24, 2000

**BLUE ROCK TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999, 1998, AND 1997**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-41060-001

Noncompliance Citation

Ohio Revised Code Section 5705.41(D), states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This Section also provides two "exceptions" to the above requirements:

1. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

2. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

During 1997, 1998, and 1999, available resources were not certified by the Township Clerk, prior to the obligation of the Township for expenditures.

We recommend that either the Township Clerk utilize the "then and now" certifications and have payments over \$1,000 approved by individual resolutions of the Board of Trustees, within 30 days from the receipt of such certification or that the Township Clerk certify that unencumbered funds are available prior to making the commitment by utilizing purchase orders.

FINDING NUMBER 1999-41060-002

Noncompliance Citation

Ohio Revised Code Section 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

In 1997, General Fund expenditures exceeded appropriations by \$4,960 (15%). During 1998, Motor Vehicle License Tax Fund expenditures exceeded appropriations by \$2,282 (23%).

We recommend that the Board of Trustees not authorize the disbursement of any Township Funds that are not supported by appropriations.

**BLUE ROCK TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999, 1998, AND 1997
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-41060-003

Noncompliance Citation

Ohio Administrative Code Sections 117-3-09 and 117-3-11 prescribe the manner in which the Township's receipts journal and appropriations ledger shall be maintained.

The Township shall maintain a receipts ledger as follows:

Each Township shall post to each receipts account the estimated amount of money to be received into the account as specified by the County Budget Commission in its official estimate of balance and receipts, set in the certificate of estimate resources. This estimated amount shall be entered in the "balance" column under the heading "memoranda." When the monies are received, the amount is first posted to the cash journal as prescribed in rule 117-3-09 of the Administrative Code and then posted to the proper account in the receipts ledger. In posting, the amount shall be entered in the "amount received" column and in the "credit" column and subtracted from the budget estimate amount ("balance"). When properly posted, this "balance" column will accurately show the amount still anticipated to be received for the fiscal year.

At the close of the month, the Township shall rule-off the column entitled "amount received" and enter the total for the month in ink. The total year-to -date shall be entered on the next line and the column shall be ruled off.

During the period, January 1, 1997 through December 31, 1999, the Township's receipts ledger was only a chronological listing of receipts posted to each fund.

The Township shall maintain an appropriation ledger as follows:

Each Township shall post to each appropriation account an amount equal to the amount appropriated for that account in the annual appropriation resolution. Each expenditure or encumbrance charged against an appropriation account shall be posted and subtracted from the appropriated balance producing a declining balance. This procedure should use as the source posting document, an executed purchase order. The name of the vendor as it appears on the purchase order should be entered in the "vendor" column. The amount of the purchase order is entered in the "debit" column and is also subtracted from the unencumbered balance. When the invoice is received from the vendor and a warrant written to meet the obligation, the name of the vendor is again entered and the amount of the warrant is entered in the "amount of warrant" column. If the amount encumbered and the amount of the warrant are exactly the same, no other entry is made. However, if the amount entered in the debit column is different from the amount of the warrant, an adjustment must be made. The amount of the warrant is entered in the "amount of warrant" column; if the warrant is less than the amount entered in the "debit" column, the difference shall be entered in the "credit" column and added to the unencumbered balance column. If there is a standing order or if the invoice is to be paid at the time the purchase order is written, then the name of the vendor is entered and the amount to be paid is entered in the "amount of warrant" column, in the "debit" column, and subtracted from the unencumbered balance. Appropriate columns shall be totaled and reconciled monthly and yearly.

During the period, January 1, 1997 through December 31, 1999, the Township's appropriation ledger was only a chronological listing of checks posted to each fund.

We recommend that the Township Clerk maintain a receipts ledger and an appropriation ledger in the manner prescribed by Ohio Administrative Code Sections 117-3-09 and 117-3-11.

**BLUE ROCK TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999, 1998, AND 1997
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-41060-004

Noncompliance Citation

Ohio Revised Code Section 2921.42 (A)(1) states that no public official shall knowingly authorize any public contract in which he, a member of his family, or any of his business associates has an interest. Further, Ohio Revised Code Section 2921.42(C)(1-4) states that this section does not apply to a public contract when all of the following apply: (1) the subject of the contract is necessary supplies for the political subdivision, (2) the supplies are unobtainable elsewhere for the same or lower cost, (3) the treatment given the political subdivision is either preferential to or the same as that accorded to other customers, and (4) the entire transaction is conducted at arm's length.

During the period January 1, 1997 through December 31, 1999, Trustee Rodney Shook signed vouchers approving payments to his mother, doing business as Shook Excavating Company. Payments to Shook Excavating were for hauling stone and road repairs that totaled \$15,440, \$21,509 and \$14,027 in 1997, 1998 and 1999, respectively. Township minutes and disbursement records document that similar services were also provided by two other companies for the same cost as charged by the Shook Excavating Company. Therefore, the payments to the Shook Excavating do not meet requirement (2) described above.

We recommend that Trustee Shook refrain from the approval process for any future contract or the payment of public funds, made to a member of his family. This matter will be referred to the Muskingum County Prosecuting Attorney for further action.

**BLUE ROCK TOWNSHIP
CORRECTIVE ACTION PLAN
DECEMBER 31, 1999, 1998, AND 1997**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-41060-001	The Township will begin utilizing purchase orders.	Board meeting following post audit.	Ruth Hampp, Clerk
1999-41060-002	The Trustees will not authorize expenditures that are not supported by appropriations.	Board meeting following post audit.	Ruth Hampp, Clerk
1999-41060-003	The Township's receipts ledger and appropriation ledger shall be maintained in the manner prescribed in the Ohio administrative Code.	Board meeting following post audit.	Ruth Hampp, Clerk
1999-41060-004	The Board of Trustees will not contract with family members when they can receive the same services elsewhere at the same or lower cost.	Board meeting following post audit.	Ruth Hampp, Clerk

**BLUE ROCK TOWNSHIP
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999, 1998, AND 1997**

Finding Number	Finding Summary	Fully Corrected	
1996-41060-001	Available resources not certified prior to obligating Township for expenditure	No	Reissued in the current audit report as 1999-41060-001
1996-41060-002	Expenditures exceeded appropriations	No	Reissued in the current audit report as 1999-41060-002
1996-41060-003	Incomplete financial report submitted	Yes	
1996-41060-004	Receipt journal and appropriation ledger improperly maintained.	No	Reissued in the current audit report as 1999-41060-003



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

BLUE ROCK TOWNSHIP

MUSKINGUM 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
SEPTEMBER 19, 2000**