



**BLUE CREEK TOWNSHIP  
PAULDING COUNTY**

**REGULAR AUDIT**

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



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



**BLUE CREEK TOWNSHIP  
PAULDING 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, 2000 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9
Schedule of Findings .....	11
Schedule of Prior Audit Findings .....	13

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Blue Creek Township  
Paulding County  
4711 US Route 127  
Haviland, Ohio 45851-9738

To the Board of Trustees:

We have audited the accompanying financial statements of Blue Creek Township (the Township) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide 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, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Blue Creek Township  
Paulding County  
Report of Independent Accountants  
Page 2

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

**Jim Petro**  
Auditor of State

March 20, 2001

**BLUE CREEK TOWNSHIP  
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$10,113	\$34,280	\$44,393
Intergovernmental	44,251	71,735	115,986
Licenses, Permits, and Fees		1,870	1,870
Earnings on Investments	3,003	1,166	4,169
Other Revenue	928	1,682	2,610
	<u>58,295</u>	<u>110,733</u>	<u>169,028</u>
<b>Total Cash Receipts</b>			
	<u>58,295</u>	<u>110,733</u>	<u>169,028</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	30,439	4,330	34,769
Public Safety		12,179	12,179
Public Works		72,292	72,292
Health	686	11,401	12,087
Capital Outlay	202	73,827	74,029
	<u>31,327</u>	<u>174,029</u>	<u>205,356</u>
<b>Total Cash Disbursements</b>			
	<u>31,327</u>	<u>174,029</u>	<u>205,356</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>26,968</u>	<u>(63,296)</u>	<u>(36,328)</u>
<b>Other Financing Receipts</b>			
Sale of Notes		30,000	30,000
Sale of Fixed Assets		10,188	10,188
		<u>40,188</u>	<u>40,188</u>
<b>Total Other Financing Receipts</b>			
		<u>40,188</u>	<u>40,188</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements</b>	26,968	(23,108)	3,860
<b>Fund Cash Balances, January 1</b>	<u>16,317</u>	<u>78,206</u>	<u>94,523</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$43,285</u></u>	<u><u>\$55,098</u></u>	<u><u>\$98,383</u></u>
<b>Reserve for Encumbrances, December 31</b>			
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>

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

**BLUE CREEK TOWNSHIP  
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$9,706	\$32,597	\$42,303
Intergovernmental	20,175	73,093	93,268
Licenses, Permits, and Fees		1,970	1,970
Earnings on Investments	1,481	1,366	2,847
Other Revenue	69	48	117
	<u>31,431</u>	<u>109,074</u>	<u>140,505</u>
<b>Total Cash Receipts</b>			
	<u>31,431</u>	<u>109,074</u>	<u>140,505</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	30,632	4,589	35,221
Public Safety		10,188	10,188
Public Works		69,810	69,810
Health	594	11,885	12,479
Capital Outlay		3,986	3,986
	<u>31,226</u>	<u>100,458</u>	<u>131,684</u>
<b>Total Cash Disbursements</b>			
	<u>31,226</u>	<u>100,458</u>	<u>131,684</u>
Total Receipts Over Disbursements	205	8,616	8,821
Fund Cash Balances, January 1	<u>16,112</u>	<u>69,590</u>	<u>85,702</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$16,317</b></u>	<u><b>\$78,206</b></u>	<u><b>\$94,523</b></u>
Reserve for Encumbrances, December 31		<u><u>\$48,463</u></u>	<u><u>\$48,463</u></u>

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



**BLUE CREEK TOWNSHIP  
PAULDING COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Blue Creek Township, Paulding County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road maintenance and repair. The Township contracts with the Village of Scott Fire Department and EMS to provide security of persons and property.

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**

The Township's had no investments.

**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 Fund:

Gasoline Tax Fund - This fund receives gasoline tax money to pay for maintaining and repairing Township roads including associated payroll costs.

**BLUE CREEK TOWNSHIP  
PAULDING COUNTY**

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

**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 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 individual commitments are made. Most encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. In 1999, the Township had one encumbrance that was carried forward to 2000 and did not need to be reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**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 at December 31 was as follows:

	<b><u>2000</u></b>	<b><u>1999</u></b>
Demand deposits	<u>\$98,383</u>	<u>\$94,523</u>

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

**BLUE CREEK TOWNSHIP  
PAULDING COUNTY**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,736	\$58,295	\$33,559
Special Revenue	149,856	150,921	1,065
Total	\$174,592	\$209,216	\$34,624

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$40,950	\$31,327	\$9,623
Special Revenue	276,353	174,029	102,324
Total	\$317,303	\$205,356	\$111,947

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$22,649	\$31,431	\$8,782
Special Revenue	106,577	109,074	2,497
Total	\$129,226	\$140,505	\$11,279

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$38,510	\$31,226	\$7,284
Special Revenue	175,300	148,921	26,379
Total	\$213,810	\$180,147	\$33,663

**4. COMPLIANCE**

As of December 31, 1999, the Township had \$48,463 in outstanding purchase commitments that were not certified until 2000, and as a result were charged against fiscal year 2000 appropriations.

**BLUE CREEK TOWNSHIP  
PAULDING COUNTY**

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

**5. 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.

**6. RETIREMENT SYSTEMS**

Township personnel 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% for 2000 and 13.55% for 1999 of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- General liability;
- Vehicles; and
- Real and Personal property.

The Township also provides disability, major medical, personal accident, and cancer insurance to Township officials through private carriers.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

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

Blue Creek Township  
Paulding County  
4711 US Route 127  
Haviland, Ohio 45851-9738

To the Board of Trustees:

We have audited the accompanying financial statements of Blue Creek Township (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 20, 2001. We conducted our audits 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 audits 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 2000-40263-001. We also noted certain other immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 20, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 a certain other matter involving the internal 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 March 20, 2001.

Blue Creek Township  
Paulding County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

March 20, 2001

**BLUE CREEK TOWNSHIP  
PAULDING COUNTY**

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

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

**FINDING NUMBER 2000-40263-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a 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. Further, contracts and orders for expenditures lacking prior certification should be considered null and void.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, the Trustees may authorize the issuance of a check 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.
- B. If the amount involved is less than \$1000, the fiscal officer may authorize it to be paid without the affirmation of the Trustees, if such expenditure is otherwise valid.

As of December 31, 1999, the Township had \$48,463 in outstanding purchase commitments that were not certified until 2000, and as a result were charged against fiscal year 2000 appropriations. The accompanying financial statements have been adjusted to reflect this amount as an outstanding encumbrance in the gasoline tax, special revenue fund, as of December 31, 1999

Certification is not only required by Ohio law but is a key control in the disbursement process to assure that purchase commitments receive prior approval, and to help reduce the possibility of Township funds being over expended or exceeding budgetary spending limitations as set by the Trustees. To improve controls over disbursements, we recommend that all Township disbursements receive prior certification of the Clerk and that the Trustees periodically review the expenditures made to ensure they are within the appropriations adopted by the Trustees, certified by the Clerk and recorded against appropriations.

**This page intentionally left blank.**



**BLUE CREEK TOWNSHIP  
PAULDING COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1998-40263-001	<b>ORC § 5705.40</b> Approval for supplemental appropriations.	Yes	





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 CREEK TOWNSHIP**

**PAULDING 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  
APRIL 10, 2001**