

**BLACKCREEK TOWNSHIP  
MERCER COUNTY  
Regular Audit  
December 31, 2007 and 2006**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Blackcreek Township  
10789 Graubeger Road  
Rockford, Ohio 45882

We have reviewed the *Independent Accountants' Report* of Blackcreek Township, Mercer County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

### Finding for Adjustment

During the period January 1, 2004 thru December 31, 2005, the Township improperly paid fire and ambulance contractual service commitments from the Motor Vehicle License Fund and the Gasoline Tax Fund in the amount of \$900 and \$5,569, respectively. These payments were not legal expenditures of the respective funds and should have been paid from the General Fund.

This was disclosed in the prior audit and the client response indicated that the adjustment was made to the Township's underlying accounting records. However, the adjustments were never recorded by the Township. As a result, the accompanying financial statements have been adjusted and do not reflect the correct combined fund cash balances of Blackcreek Township as of December 31, 2007 and 2006.

Accordingly, a Finding for Adjustment is issued in the following amount:

	Cash Balance
	<u>Increase/(Decrease)</u>
General Fund	(\$6,469)
Motor Vehicle License Fund	900
Gasoline Tax Fund	5,569

The Township should make the above adjustments to their accounting records in order to present accurate ending fund cash balances for all funds.

Board of Trustees  
Blackcreek Township  
10789 Grauberger Road  
Rockford, Ohio 45882  
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The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Blackcreek Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA  
Auditor of State

May 28, 2008

**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

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***Perry & Associates***  
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**INDEPENDENT ACCOUNTANTS' REPORT**

March 31, 2008

Blackcreek Township  
Mercer County  
10789 Gruberger Road  
Rockwell, OH 45882

To the Board of Trustees:

We have audited the accompanying financial statements of **Blackcreek Township, Mercer County, Ohio**, (the Township) as of and for the years ended December 31, 2007 and 2006. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present it's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2007 and 2006 or their changes in financial position for the year then ended.

During the prior audit covering January 1, 2004 to December 31, 2005, the Township improperly paid fire and ambulance contracts from the Motor Vehicle License Fund and Gasoline Tax Fund, in the amount of \$900 and \$5,569 respectively, instead of the General Fund in the amount of \$6,469 in total. The Township declined to make this adjustment during the prior audit period and has declined to make this adjustment during this audit period. Had the posting error been properly posted to the financial statements and the accounting system, the General fund would have been decreased by \$6,469 and the Motor Vehicle license Fund and Gasoline Tax Fund would have been increased \$900 and \$5,569 respectively.

Also, in our opinion, because of the effect of the matter discussed in the preceding paragraph, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in all material respects, the combined fund cash balances of Blackcreek Township, Mercer County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,

**Perry and Associates**  
Certified Public Accountants, A.C.



**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$22,754	\$2,465	\$25,219
Intergovernmental	14,724	105,667	120,391
Earnings on Investments	144	327	471
Miscellaneous	108	913	1,021
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	37,730	109,372	147,102
<b>Cash Disbursements:</b>			
Current:			
General Government	28,481	11,425	39,906
Public Safety	11,493	-	11,493
Public Works	-	76,367	76,367
Health	635	4,921	5,556
Capital Outlay	8,721	-	8,721
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	49,330	92,713	142,043
Total Cash Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	(11,600)	16,659	5,059
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	17,081	28,943	46,024
<b>Fund Cash Balances, December 31</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>\$5,481</b>	<b>\$45,602</b>	<b>\$51,083</b>

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

**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$22,459	\$2,514	\$24,973
Intergovernmental	15,518	103,149	118,667
Earnings on Investments	220	327	547
Other Revenue	89	175	264
	<u>38,286</u>	<u>106,165</u>	<u>144,451</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	37,955	12,651	50,606
Public Safety	12,232	-	12,232
Public Works	-	98,729	98,729
Health	821	7,189	8,010
	<u>51,008</u>	<u>118,569</u>	<u>169,577</u>
Total Cash Receipts Over/(Under) Disbursements	<u>(12,722)</u>	<u>(12,404)</u>	<u>(25,126)</u>
Fund Cash Balances, January 1 (Restated see Note 4)	<u>29,803</u>	<u>41,347</u>	<u>71,150</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$17,081</u></b>	<b><u>\$28,943</u></b>	<b><u>\$46,024</u></b>

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

**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**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. The Township is directed by a publicly elected three-member Board of Trustees. The Township provides 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 Fire Department to provide fire services and Mercer County Emergency Medical Services, to provide ambulance services.

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 Clerk 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 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 that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Funds:

**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

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

**D. Fund Accounting (Continued)**

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

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

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

**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. Unencumbered 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.

A summary of 2007 and 2006 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. The carrying amount of cash at December 31 was as follows:

	<u>2007</u>	<u>2006</u>
Demand deposits	\$ 51,083	\$ 46,024

Deposits are insured by the Federal Deposit Insurance Corporation.

**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$38,346	\$37,730	(\$616)
Special Revenue	96,237	109,372	13,135
Total	\$134,583	\$147,102	\$12,519

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$55,427	\$49,330	\$6,097
Special Revenue	125,140	92,713	32,427
Total	\$180,567	\$142,043	\$38,524

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,242	\$38,286	\$1,044
Special Revenue	93,231	106,165	12,934
Total	\$130,473	\$144,451	\$13,978

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$66,300	\$51,008	\$15,292
Special Revenue	130,349	118,569	11,780
Total	\$196,649	\$169,577	\$27,072

**4. PRIOR PERIOD RESTATEMENT**

For the year ended December 31, 2005 an adjustment resulted in fund balance restatement.

Governmental Funds	Fund Balances at December 31, 2005	Budgetary Expenditures	Fund Balances at January 1, 2006
General	\$23,334	\$6,469	\$29,803
Special Revenue	47,816	(6,469)	\$41,347

The changes in Fund balances for the General and Special Revenue Funds are the result of adjustments during the prior audit not made by the Township Fiscal Officer.

**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(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.

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**

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 2007 and 2006, members of PERS contributed 9.5% (2007) and 9% (2006) of their gross salaries. The Township contributed an amount equal to 13.85% (2007) and 13.7% (2006) of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**Casualty Coverage**

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Townships can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

**Property Coverage**

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. It provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop-loss is reached by payment of BLACKCREEK TOWNSHIP losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**Financial Position**

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005. (Latest information available)

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	(11,443,952)	(12,344,576)
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	(676,709)	(1,406,031)
Retained earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member townships in the future, as of December 31, 2006 and 2005, respectively.



***Perry & Associates***  
Certified Public Accountants, A.C.

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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

March 31, 2008

Blackcreek Township  
Mercer County  
10789 Gruberger Road  
Rockford, OH 45882

To the Board of Trustees:

We have audited the financial statements of **Blackcreek Township, Mercer County, Ohio** (the Township) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated March 31, 2008, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be considered significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

### **Internal Control Over Financial Reporting (Continued)**

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We also noted two internal control matters that we reported to the Township's management in a separate letter dated March 31, 2008.

### **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, providing an opinion 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 that we must report under *Government Auditing Standard*.

In a separate letter to the Township's management dated March 31, 2008 we reported one instance of noncompliance we deemed immaterial.

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

Respectfully Submitted,

**Perry and Associates**  
Certified Public Accountants, A.C.

**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

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

**FINDING NUMBER 2007-001**

**Significant Deficiency**

**Posting Receipts and Expenditures**

Receipts and Expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code Section 117-7-01.

During 2006 and 2007, several receipts and expenditures were not posted into accurate expenditure and revenue classifications based on the source of the expenditure or revenue. For example, various mowing expenditures were paid from the Public Works instead of Health in the Gasoline Tax Fund. Also, several fire protection expenditures were paid from General Government instead of the Public Safety in the General Fund. Also, in the General Fund a receipt was posted as taxes instead of intergovernmental. This resulted in several reclassification entries being made to the financial statements.

We recommend the Clerk refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Township Handbook for guidance to determine the proper establishment of expenditure and revenue accounts and posting of expenditures and revenues.

**Management's Response** – We did not receive a response from officials to this finding.

**BLACKCREEK TOWNSHIP  
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	ORC § 5705.10	No	Not corrected
2005-002	Allocation and Proper Posting of Expenditures	No	Re-issued as item 2007-001



**Mary Taylor, CPA**  
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  
JUNE 10, 2008**