



**Auditor of State  
Betty Montgomery**



**SALT CREEK TOWNSHIP  
WAYNE COUNTY**

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**Auditor of State  
Betty Montgomery**

Salt Creek Township  
Wayne County  
P. O. Box 179  
Fredericksburg, Ohio 44627

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

December 29, 2005

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Salt Creek Township  
Wayne County  
P. O. Box 179  
Fredericksburg, Ohio 44627

To the Board of Trustees:

We have audited the accompanying financial statements of Salt Creek Township, Wayne County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003. 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 and 2003, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 this 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.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 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, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Salt Creek Township, Wayne County, Ohio, as of December 31, 2004 and 2003, 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 year ended December 31, 2004. 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 December 29, 2005, 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.



**Betty Montgomery**  
Auditor of State

December 29, 2005



**SALT CREEK TOWNSHIP  
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$15,564	\$208,070	\$223,634
Intergovernmental	102,023	108,391	210,414
Earnings on Investments	576	146	722
Other Revenue	3,875		3,875
	<u>122,038</u>	<u>316,607</u>	<u>438,645</u>
Total Cash Receipts			
<b>Cash Disbursements:</b>			
Current:			
General Government	37,614		37,614
Public Safety	5,500		5,500
Public Works		90,237	90,237
Health	8,493		8,493
Conservation - Recreation	3,500		3,500
Capital Outlay		90,232	90,232
	<u>55,107</u>	<u>180,469</u>	<u>235,576</u>
Total Cash Disbursements			
Total Cash Receipts Over Cash Disbursements	<u>66,931</u>	<u>136,138</u>	<u>203,069</u>
Fund Cash Balances, January 1	<u>(10,693)</u>	<u>115,600</u>	<u>104,907</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$56,238</u></b>	<b><u>\$251,738</u></b>	<b><u>\$307,976</u></b>

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

**SALT CREEK TOWNSHIP  
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$14,465	\$195,877	\$210,342
Intergovernmental	43,630	88,251	131,881
Earnings on Investments	509		509
Other Revenue	1,256	1	1,257
	<u>59,860</u>	<u>284,129</u>	<u>343,989</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	49,474		49,474
Public Safety	5,500		5,500
Public Works		171,637	171,637
Health	8,378		8,378
Conservation - Recreation	3,500		3,500
Capital Outlay	327	67,543	67,870
	<u>67,179</u>	<u>239,180</u>	<u>306,359</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(7,319)</u>	<u>44,949</u>	<u>37,630</u>
Fund Cash Balances, January 1	<u>(3,374)</u>	<u>70,651</u>	<u>67,277</u>
<b>Fund Cash Balances, December 31</b>	<u><b>(\$10,693)</b></u>	<u><b>\$115,600</b></u>	<u><b>\$104,907</b></u>

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

**SALT CREEK TOWNSHIP  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Salt Creek Township, Wayne County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services. The Township contracts with the Village of Fredericksburg to provide fire and emergency medical 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. 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 Auditor of State prescribes or permits.

**C. Cash**

The Township maintains all cash in an interest bearing checking account.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds 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:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

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

**SALT CREEK TOWNSHIP  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

**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 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 carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**F. 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Township uses.

**2. EQUITY IN POOLED CASH**

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

	<u>2004</u>	<u>2003</u>
Demand deposits	\$307,976	\$104,907

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

**SALT CREEK TOWNSHIP  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$59,940	\$122,038	\$62,098
Special Revenue	276,051	316,607	40,556
Total	\$335,991	\$438,645	\$102,654

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$65,995	\$55,107	\$10,888
Special Revenue	374,903	180,469	194,434
Total	\$440,898	\$235,576	\$205,322

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$66,098	\$59,860	(\$6,238)
Special Revenue	275,403	284,129	8,726
Total	\$341,501	\$343,989	\$2,488

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$84,871	\$67,179	\$17,692
Special Revenue	323,906	239,180	84,726
Total	\$408,777	\$306,359	\$102,418

**4. NONCOMPLIANCE**

Contrary to Ohio Rev. Code Section 5705.38, there was no evidence the Board approved, by resolution, annual appropriations for 2004 and 2003, therefore, contrary to Ohio Rev. Code Section 5705.41(B), expenditures exceeded appropriations.

Contrary to Ohio Rev. Code Section 5705.10, at December 31, 2003, the General Fund had a cash deficit balance of \$10,693.

Contrary to Ohio Rev. Code Section 5575.01, the Township did not have on file a written contract, for the maintenance and repair of township roads, signed by the contractor and Board President.

**SALT CREEK TOWNSHIP  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**4. NONCOMPLIANCE (Continued)**

Contrary to Ohio Rev. Code Section 4115.04 and 4115.05, the Township did not provide evidence to verify the prevailing wage rate was paid by the contractors for the Township's road projects.

Contrary to Ohio Rev. Code Section 505.24(C), the Township did not properly allocate Trustees' compensation.

**5. PROPERTY TAX**

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

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 SYSTEM**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, members of OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

**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.

**SALT CREEK TOWNSHIP  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss 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 \$5,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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.

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.

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	<u>(13,640,962)</u>	<u>(11,791,300)</u>
Retained earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>
 <u>Property Coverage</u>	 <u>2004</u>	 <u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	<u>(753,906)</u>	<u>(750,956)</u>
Retained earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

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**Auditor of State  
Betty Montgomery**

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

Salt Creek Township  
Wayne County  
P. O. Box 179  
Fredericksburg, Ohio 44627

To the Board of Trustees:

We have audited the financial statements of Salt Creek Township, Wayne County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated December 29, 2005, 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 also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated December 29, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2004-001 through 2004-006.

Salt Creek Township  
Wayne County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

In a separate letter to the Township's management dated December 29, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

December 29, 2005

**SALT CREEK TOWNSHIP  
WAYNE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

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

**FINDING NUMBER 2004-001**

**Finding for Adjustment**

Ohio Rev. Code Section 505.24 states, that when compensated per diem, Township Trustees shall be paid from the township general fund or from such other township funds in such proportions as the board may specify by resolution. This means the salary resolution must allocate the salary distribution from various funds in the same proportion as the trustees' services bear to the activities supported by such funds, as determined by the Board.

During our 2004 and 2003, the Township Trustees were paid a portion of their salary from the Special Revenue Road and Bridge Fund, the Special Revenue Road District Fund, the Special Revenue Gas Tax Fund and the Special Revenue Motor Vehicle and License Tax Fund. There was no resolution in effect which indicated that Township Trustees' salaries should be paid from any fund other than the General Fund. However, on October 10, 2005, the Township Trustees passed a resolution retroactive to January 1, 2003, which allowed 35% of all of the Township Trustees' salaries to be paid from the Special Revenue Road and Bridge Fund, 35% from the Special Revenue Road District Fund and 30% from the General Fund, based on the estimated level of service provided by the Township Trustees during 2004 and 2003. The percentages indicated in that resolution reflected the percentages of the Township Trustees' salaries that should have been allocated to these funds during the period. However, during the period, the Township did not properly allocate the salary as approved within the October 10, 2005 resolution. The financial statements have been adjusted to comply with the resolution.

Based on the percentages, a total of \$5,351 in 2004 should have been paid from the General Fund. Therefore, \$5,351 was reclassified as an expenditure in the General Fund, \$297 in the Special Revenue Road & Bridge and \$296 in the Special Revenue Road District Funds, rather than as an expenditure from the Special Revenue Motor Vehicle License Tax (\$2,043) and the Special Revenue Gas Tax Funds (\$3,901). In addition, based on the percentages, a total of \$6,114 in 2003 should have been paid from the Special Revenue Road and Bridge and \$2,461 from the Special Revenue Road District Funds, rather than as an expenditure from the General Fund (\$5,400), Special Revenue Motor Vehicle License Tax (\$1,123), and Special Revenue Gas Tax Funds (\$2,052). This caused the fund balances to change within the aforementioned funds on December 31, 2004 and 2003.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code 505.24, a Finding for Adjustment for public monies incorrectly allocated is hereby issued against the Special Revenue Motor Vehicle License Tax Fund for \$3,166, the Special Revenue Gas Tax Fund for \$5,953 and the General Fund for \$49 and in favor of the Special Revenue Road and Bridge Fund in the amount of \$6,411 and the Special Revenue Road District Fund in the amount of \$2,757 as of December 31, 2004.

These adjustments are reflected in the accompanying financial statements, the Township recorded them on its books and records.

## FINDING NUMBER 2004-002

### Noncompliance Citation

**Ohio Rev. Code Section 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 (\$1,000 prior to April, 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During 2004 and 2003, 7 out of 35 or (20%) and 28 out of 38 or (74%), respectively, of the expenditures tested were not certified by the Clerk-Treasurer prior to incurring the obligation. It was also found that none of these exceptions noted above were utilized. All certifications should be signed by the Clerk-Treasurer as evidence of availability of funds prior to incurring the obligation for expenditure.

### FINDING NUMBER 2004-003

#### Noncompliance Citation

**Ohio Rev. Code Section 5705.10** requires that monies paid into any fund be used only for the purposes for which such fund is established.

As of December 31, 2003, the Township had a negative cash fund balance, in the amount of \$10,693, in the General Fund. This was due to the Clerk-Treasurer not posting prior period adjustments from 1998 through 2002. Negative cash fund balances are an indication that revenues from other sources were used to pay obligations of these funds. Additionally, money spent for purposes other than specified in grant agreements could result in the loss of future grant awards. Fund activity should be monitored to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Revised Code.

### FINDING NUMBER 2004-004

#### Noncompliance Citation

**Ohio Rev. Code Section 5575.01 (A)** states in part; in the maintenance and repair of roads, the board of township trustees may proceed either by contract or force account. Except as otherwise provided in sections 505.08 and 505.101 of the Revised Code, when the board proceeds by contract, the contract shall, if the amount involved exceeds forty-five thousand dollars, be let by the board to the lowest responsible bidder after advertisement for bids once, not later than two weeks, prior to the date fixed for the letting of the contract, in a newspaper published in the county and of general circulation within the township or, if no newspaper is published in the county, in a newspaper having general circulation in the township.

If the amount involved is forty-five thousand dollars or less, a contract may be let without competitive bidding, or the work may be done by force account. Such a contract shall be performed under the supervision of a member of the board or the township road superintendent.

Contracts for the maintenance and repair of township's roads were not Board approved. The Board of Trustees did not lawfully bind the contractor of the Township's road repair projects to a written contract which not only includes the name of the Board President, Clerk-Treasurer and Contractor, but also the contract terms, such as: the contract amount, the contract starting date, the contract completion date and liquidated damages for failure to complete the contract at the specified time. Also, pursuant to Ohio Rev. Code Section 5575.01 (A) the Township did not maintain on file a Bid Tabulation Form to determine if the road project, performed in 2004 by an outsider vendor for \$57,622 was awarded to the lowest responsible bidder.

In order to ensure that all contractors are held accountable and that proper bidding procedures are being followed, the Board of Trustees should enter into a contract, signed by all lawful parties, which contains specific terms and provisions to be exercised and the Clerk-Treasurer should maintain all Bid Tabulation Forms on file.

#### FINDING NUMBER 2004-005

##### Noncompliance Citation

**Ohio Rev. Code Sections 4115.04 and 4115.05** require an entity to obtain the prevailing wages in their area for the types of labor required to complete the project they are going to bid before such project is bid and again when the contract is awarded if the award is made more than 90 days after the original prevailing wage is determined.

During 2004 and 2003 the Township awarded contracts to two road companies. There were no written contracts or payroll records to evidence that prevailing wages were paid for the above road contracts. The Township should ensure that prevailing wage rates paid are set within 90 days of the contract award and the information is available for review by the Clerk-Treasurer.

#### FINDING NUMBER 2004-006

##### Noncompliance Citation

**Ohio Rev. Code Section 5705.38** requires that on or about the first day of each fiscal year, an appropriation measure be passed. The township may pass a temporary appropriation measure to meet their ordinary expenses until April 1, at which time a permanent appropriation measure must be passed.

**Ohio Rev. Code Section 5705.41(B)** requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

For 2004 and 2003 there was no evidence the Board of Trustees approved permanent appropriation measures. Therefore total expenditures plus outstanding encumbrances exceeded appropriations within all funds. On October 10, 2005, the Board of Trustees passed a resolution retroactively approving the 2004 and 2003 annual appropriations. The notes to the financial statements reflect the retroactively approved amounts.

The Township should adopt permanent appropriation measures by April 1 of each fiscal year. Additionally, the Clerk-Treasurer should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the level of control for all funds to avoid overspending. In addition, the Clerk-Treasurer should ensure the minutes document the Trustees approval of the annual appropriations.

**SALT CREEK TOWNSHIP  
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003**

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>
2002-001	Ohio Rev. Code Section 505.37(B)	Yes.	Finding No Longer Valid.
2002-002	Ohio Rev. Code Section 5705.10	No.	Not Corrected. Comment will be placed in the Schedule of Findings as item 2004-003.
2002-003	Ohio Constitution, Article XII, Section 5a	Partially Corrected.	Partially Corrected. Comment will be placed in the Management Letter.
2002-004	Ohio Rev. Code Section 5705.41(D)	No.	Not Corrected. Comment will be placed in the Schedule of Findings as item 2004-002.







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**SALT CREEK TOWNSHIP**

**WAYNE 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  
MARCH 28, 2006**