



**SANDUSKY TOWNSHIP SEWER DISTRICT  
SANDUSKY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009**



**Mary Taylor, CPA**  
Auditor of State



**SANDUSKY TOWNSHIP SEWER DISTRICT  
SANDUSKY COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balance – Enterprise Fund - For the Years Ended December 31, 2009 and 2008 .....	5
Notes to the Financial Statements .....	6
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings.....	15
Schedule of Prior Audit Findings .....	17

**This page intentionally left blank.**



Mary Taylor, CPA  
Auditor of State

Sandusky Township Sewer District  
Sandusky County  
551 Northcrest Avenue  
Fremont, Ohio 43420-9010

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 an 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 adverse 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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

July 1, 2010

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Sandusky Township Sewer District  
Sandusky County  
551 Northcrest Avenue  
Fremont, Ohio 43420-9010

To the Board of Trustees:

We have audited the accompanying financial statements of Sandusky Township Sewer District, Sandusky County, (the District) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the District'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 District 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.

Instead of the fund the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. 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, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2009 and 2008, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of Sandusky Township Sewer District, Sandusky County, as of December 31, 2009 and 2008, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District 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 July 1, 2010, on our consideration of the District'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.



**Mary Taylor, CPA**  
Auditor of State

July 1, 2010



**SANDUSKY TOWNSHIP SEWER DISTRICT  
SANDUSKY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH BALANCE - ENTERPRISE FUND  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<b>Enterprise Fund</b>	
	<b>2009</b>	<b>2008</b>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$315,386	\$314,954
<b>Operating Cash Disbursements:</b>		
Personal Services	8,774	10,645
Other Contractual Services	262,364	213,702
Office Supplies and Materials	298	347
Insurance	5,333	6,321
Total Operating Cash Disbursements	276,769	231,015
Operating Income	38,617	83,939
<b>Non-Operating Cash Receipts:</b>		
Local Taxes	45,591	63,130
Special Assessments	109,859	92,147
Miscellaneous	1,281	17,386
Total Non-Operating Cash Receipts	156,731	172,663
<b>Non-Operating Cash Disbursements:</b>		
Debt Service:		
Principal Payments	78,080	44,490
Interest Payments	122,546	62,566
Total Non-Operating Cash Disbursements	200,626	107,056
Net Receipts Over/(Under) Disbursements	(5,278)	149,546
Cash Balance, January 1	579,572	430,026
<b>Cash Balance, December 31</b>	<b>\$574,294</b>	<b>\$579,572</b>

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

**SANDUSKY TOWNSHIP SEWER DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**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 for the Sandusky Township Sewer District, Sandusky County, (the District) as a body corporate and politic. Each political subdivision within the District appoints one member to the Board of Trustees to direct the District. There are three Board members. The Trustees are appointed by Sandusky Township. The District provides sewer services to residents of the District.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

STAR Ohio is recorded at share values reported by the State Treasurer.

**D. Fund Accounting**

The District classifies its fund as an enterprise fund.

**Enterprise Fund**

This fund accounts for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges.

**E. Budgetary Process**

The Ohio Revised Code requires the Board to budget annually.

**SANDUSKY TOWNSHIP SEWER DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**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. Appropriation authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board must annually approve appropriation measures and subsequent amendments. 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.

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**E. Property, Plant, and Equipment**

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

**2. DEPOSITS AND INVESTMENTS**

The District may invest in certificates of deposits, notes, bonds, or other obligations of the United States, or any agency or instrumentality thereof, or in obligations of the State or any political subdivision thereof.

The carrying amount of deposits and investments at December 31 was as follows:

	<u>2009</u>	<u>2008</u>
Demand deposits	\$165,617	\$172,020
STAR Ohio	408,677	407,552
Total deposits and investments	<u>\$574,294</u>	<u>\$579,572</u>

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

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**SANDUSKY TOWNSHIP SEWER DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
	\$472,117	\$472,117

2009 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
	\$477,395	(\$477,395)

2008 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
	\$487,617	\$487,617

2008 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
	\$338,071	(\$338,071)

Contrary to Ohio law, the District failed to complete the certification of estimated resources or adopt annual appropriation measures during 2009 or 2008.

**4. DEBT**

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority (OWDA):		
Loan No. 3245	\$1,415,404	6.41%
Loan No. 4405	776,880	3.75%
Ohio Public Works Commission (OPWC):		
Loan No. CE23B	75,827	0.00%
Loan No. CE38F	133,770	0.00%
Total	\$2,401,881	

**SANDUSKY TOWNSHIP SEWER DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**4. DEBT (Continued)**

The OWDA Loan No. 3245 is related to the construction of Phase 1 of the District's sanitary sewer project. Phase 1 of the sanitary sewer project was completed in 2002. The District started remitting payments for this loan on January 1, 2003.

The OWDA Loan No. 4405 is related to the construction of Phase 1B and 3 of the District's sanitary sewer project. Phase 1B and 3 of the sanitary sewer project was completed in 2007. The District started remitting payments for this loan on July 1, 2007.

The OPWC Loan No. CE23B is related to the construction of Phase 1A of the District's sanitary sewer project. Phase 1A of the sanitary sewer project was completed in 2002. The District started remitting payments for this loan on July 1, 2003.

The OPWC Loan No. CE38F is related to the construction of Phase 1B of the District's sanitary sewer project. Phase 1B of the sanitary sewer project was completed in 2007. The District started remitting payments for this loan on January 1, 2007.

Amortization of the above debt, including interest, is scheduled as follows: For all 4 loans the total payments are less than the principal outstanding noted above?

Year ending December 31:	OWDA		OPWC	
	Loan No. 3245	Loan No. 4405	Loan No. CE23B	Loan No. CE38F
2010	\$135,716	\$51,423	5,617	7,869
2011	135,716	51,423	5,617	7,869
2012	135,716	51,423	5,617	7,869
2013	135,716	51,423	5,617	7,869
2014	135,716	51,423	5,617	7,869
2015-2027	736,824	154,269	47,742	94,425
2028-2032		365,496		
Total	<u>\$1,415,404</u>	<u>\$776,880</u>	<u>\$75,827</u>	<u>\$133,770</u>

**5. RETIREMENT SYSTEM**

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the Plan's retirement benefits, including postretirement healthcare and survivor and disability benefits to participants.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2009.

**6. RISK MANAGEMENT**

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**SANDUSKY TOWNSHIP SEWER DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2008, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

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

Financial Position

PEP'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, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	(15,310,206)	(17,340,825)
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008, and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims collectible in future years is approximately \$2,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

**SANDUSKY TOWNSHIP SEWER DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

<u>Contributions to PEP</u>	
2007	\$2,356
2008	\$2,347
2009	\$2,352

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**This page intentionally left blank.**





# Mary Taylor, CPA

Auditor of State

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

Sandusky Township Sewer District  
Sandusky County  
551 Northcrest Avenue  
Fremont, Ohio 43420-9010

To the Board of Trustees:

We have audited the financial statements of Sandusky Township Sewer District, Sandusky County, (the District) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 1, 2010 wherein we noted the District prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the District'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 we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 and 2009-002.

We also noted a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated July 1, 2010.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees, and others within the District. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

July 1, 2010

**SANDUSKY TOWNSHIP SEWER DISTRICT  
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

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

**FINDING NUMBER 2009-001**

**Noncompliance Citation**

**Ohio Revised Code § 5705.41(D)(1)** states 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 for the order or contract 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. Every such 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 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, each of 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 both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of an appropriate fund free from any previous encumbrances, the Board can authorize the drawing of a warrant for the payment of the amount due. The Board has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$3,000 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 Board.

**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. 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.

2. **Super Blanket Certificate** – The Board 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 may, but need not, be limited to a specific vendor. 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.

Sixty-eight percent of the transactions tested were not certified by the Fiscal Officer at the time the commitments were incurred and there was no evidence the District followed the aforementioned exceptions. Failure to certify the availability of funds can result in overspending funds and negative cash fund balances.

### FINDING NUMBER 2009-001 (CONTINUED)

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

### FINDING NUMBER 2009-002

#### Noncompliance Citation

**Ohio Revised Code § 5705.28(B)(2)** requires the District to follow sections 5705.36, 5705.38, 5705.41, 5705.44 and 5705.45 of the Revised Code. Documents prepared in accordance with the aforementioned sections are not required to be filed with the county auditor or county budget commission.

**Ohio Revised Code § 5705.36** states on or about the first day of each fiscal year, the fiscal officers of subdivisions are to certify the total amount from all sources available for expenditures from each fund in the budget along with any unencumbered balances existing at the end of the preceding year.

During 2008 and 2009 the District failed to complete the certification described above.

**Ohio Revised Code § 5705.38** requires on or about the first day of each fiscal year, an appropriation measure is to be passed and **Ohio Revised Code § 5705.41** states no subdivision shall make an expenditure of money unless it has been appropriated as provided in Chapter 5705 and prohibits a subdivision from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

During 2008 and 2009, the District failed to adopt an appropriation measure and therefore the fiscal officer was unable to certify the funds were lawfully appropriated.

This resulted in the District's inability to present Board approved budgetary information in the notes to the financial statements. Furthermore, failure to have adequate estimated resources and appropriations in place at the time expenditures are being made could cause expenditures to exceed available resources, resulting in deficit spending practices. Finally, this practice impedes the ability of the Board and Fiscal Officer to properly monitor the District budgetary process.

We recommend the District complete the certification of amounts from all sources available for expenditures and adopt the appropriation measure in accordance with the sections of Ohio Revised Code described above. We further recommend the Fiscal Officer include monthly budget versus actual information in the financial reports presented to the Board which will assist them in monitoring the District financial status.

**Officials Response:** The Sandusky Township Sewer Board understands these findings and will correct these weaknesses in the future.

**SANDUSKY TOWNSHIP SEWER DISTRICT  
SANDUSKY 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; <b><i>Explain</i></b>
2007-001	District failed to complete the certification of the total amount from all sources available for expenditures	No	Repeated as Finding # 2009-002 in this report.





Mary Taylor, CPA  
Auditor of State

**SANDUSKY TOWNSHIP SEWER DISTRICT**  
**SANDUSKY 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**  
**JULY 20, 2010**