



Dave Yost • Auditor of State

**SANDUSKY TOWNSHIP SEWER DISTRICT
SANDUSKY COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|---|-------------|
| Cover Letter | 1 |
| Independent Accountants' Report..... | 3 |
| Statement of Receipts, Disbursements, and Changes in Fund Balance (Cash Basis) – Enterprise Fund - For the Years Ended December 31, 2011 and 2010 | 5 |
| Notes to the Financial Statements | 7 |
| 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 |

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Dave Yost • 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.

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Dave Yost
Auditor of State

November 27, 2012

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Dave Yost • 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 the Sandusky Township Sewer District, Sandusky County, Ohio (the District), as of and for the years ended December 31, 2011 and 2010. 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.

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 governments 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, 2011 and 2010 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, 2011 and 2010, 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 fund cash balance as of December 31, 2011 and 2010 of the Sandusky Township Sewer District, Sandusky County, Ohio and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2012, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

November 27, 2012

**SANDUSKY TOWNSHIP SEWER DISTRICT
SANDUSKY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
ENTERPRISE FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

| | 2011 | 2010 |
|--|-------------|-------------|
| Operating Cash Receipts: | | |
| Charges for Services | \$576,825 | \$349,922 |
| Operating Cash Disbursements: | | |
| Personal Services | 11,476 | 11,935 |
| Other Contractual Services | 435,089 | 393,549 |
| Office Supplies and Materials | 50 | 263 |
| Insurance | 6,644 | 6,283 |
| Capital Outlay | 296,828 | 397,288 |
| <i>Total Operating Cash Disbursements</i> | 750,087 | 809,318 |
| <i>Operating Loss</i> | (173,262) | (459,396) |
| Non-Operating Cash Receipts (Disbursements) | | |
| Local Taxes | 14,368 | 12,921 |
| Intergovernmental Revenues | | 309,060 |
| Special Assessments | 88,368 | 98,420 |
| Debt Proceeds | 333,507 | 515,860 |
| Miscellaneous | 278 | |
| Debt Service: | | |
| Principal Payments | (93,250) | (397,497) |
| Interest Payments | (115,101) | (118,931) |
| Other Non-Operating Cash Disbursements | | (2,586) |
| <i>Total Non-Operating Cash Receipts (Disbursements)</i> | 228,170 | 417,247 |
| <i>Net Change in Fund Cash Balance</i> | 54,908 | (42,149) |
| <i>Cash Balance, January 1</i> | 532,145 | 574,294 |
| <i>Cash Balance, December 31</i> | \$587,053 | \$532,145 |

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

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**SANDUSKY TOWNSHIP SEWER DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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, Ohio (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. Budgetary Process

The Ohio Revised Code requires the Board to budget annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

**SANDUSKY TOWNSHIP SEWER DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2011 and 2010 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:

| | 2011 | 2010 |
|--------------------------------|-----------|-----------|
| Demand deposits | \$177,703 | \$123,025 |
| STAR Ohio | 409,350 | 409,120 |
| Total deposits and investments | \$587,053 | \$532,145 |

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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

| 2011 Budgeted vs. Actual Receipts | | |
|-----------------------------------|--------------------|-------------|
| Budgeted Receipts | Actual Receipts | Variance |
| | \$1,013,346 | \$1,013,346 |

| 2011 Budgeted vs. Actual Budgetary Basis Expenditures | | |
|---|---------------------------|-------------|
| Appropriation Authority | Budgetary Expenditures | Variance |
| | \$958,438 | (\$958,438) |

**SANDUSKY TOWNSHIP SEWER DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

| 2010 Budgeted vs. Actual Receipts | | |
|-----------------------------------|--------------------|-------------|
| Budgeted Receipts | Actual Receipts | Variance |
| | \$1,286,183 | \$1,286,183 |

| 2010 Budgeted vs. Actual Budgetary Basis Expenditures | | |
|---|---------------------------|---------------|
| Appropriation Authority | Budgetary Expenditures | Variance |
| | \$1,328,332 | (\$1,328,332) |

Contrary to Ohio law, the District failed to complete the certification of estimated resources or adopt annual appropriations for 2011 or 2010.

4. DEBT

Debt outstanding at December 31, 2011 was as follows:

| | Principal | Interest Rate |
|--|-------------|---------------|
| Ohio Water Development Authority (OWDA): | | |
| Loan No. 3245 | \$1,321,007 | 6.41% |
| Loan No. 4405 | 731,030 | 3.75% |
| Loan No. 5524 | 296,785 | 0.00% |
| Loan No. 5804 | 235,796 | 1.00% |
| Ohio Public Works Commission (OPWC): | | |
| Loan No. CE23B | 61,785 | 0.00% |
| Loan No. CE38F | 114,098 | 0.00% |
| Total | \$2,760,501 | |

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 OWDA Loan No. 5524 is related to the construction of Fangboner Road portion of the District's sanitary sewer project. The Fangboner Road portion of the sanitary sewer project was completed in 2010. The District started remitting payments for this loan on July 1, 2011. As of December 31, 2011, loan amounts have not been finalized; therefore, a schedule of future payments has not been included.

The OWDA Loan No. 5804 is related to the construction of the Whittaker Drive Lift Station. The Whittaker Drive Lift Station was completed in 2011. The District started remitting payments for this loan on January 1, 2012. As of December 31, 2011, loan amounts have not been finalized; therefore, a schedule of future payments has not been included.

**SANDUSKY TOWNSHIP SEWER DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. DEBT (Continued)

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:

| Year ending December 31: | OWDA | | OPWC | |
|--------------------------|--------------------|--------------------|-----------------|------------------|
| | Loan No. 3245 | Loan No. 4405 | Loan No. CE23B | Loan No. CE38F |
| 2012 | \$135,716 | \$51,423 | \$2,808 | \$3,934 |
| 2013 | 135,716 | 51,423 | 5,617 | 7,869 |
| 2014 | 135,716 | 51,423 | 5,617 | 7,869 |
| 2015 | 135,716 | 51,423 | 5,617 | 7,869 |
| 2016 | 135,716 | 51,423 | 5,617 | 7,869 |
| 2017-2021 | 678,582 | 257,117 | 28,084 | 39,344 |
| 2022-2026 | 678,582 | 257,118 | 8,425 | 39,344 |
| 2027-2031 | 67,859 | 257,118 | | |
| 2032 | | 25,712 | | |
| Total | <u>\$2,103,603</u> | <u>\$1,054,180</u> | <u>\$61,785</u> | <u>\$114,098</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 2011 and 2010, 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, 2011.

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, 2011 AND 2010
(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, 2010, PEP retained \$350,000 for casualty claims and \$150,000 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.

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, 2011 and 2010.

| | <u>2011</u> | <u>2010</u> |
|-------------|---------------------|---------------------|
| Assets | \$33,362,404 | \$34,952,010 |
| Liabilities | <u>(14,187,273)</u> | <u>(14,320,812)</u> |
| Net Assets | <u>\$19,175,131</u> | <u>\$20,631,198</u> |

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$13 million and \$12.9 million of estimated incurred claims payable. The assets above also include approximately \$12.1 million and \$12.4 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the District's share of these unpaid claims collectible in future years is approximately \$5,000.

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, 2011 AND 2010
(Continued)**

6. RISK MANAGEMENT (Continued)

| <u>Contributions to PEP</u> | |
|-----------------------------|-------------|
| <u>2011</u> | <u>2010</u> |
| \$4,950 | \$4,723 |

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to 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.



Dave Yost • 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 the Sandusky Township Sewer District, Sandusky County, Ohio (the District), as of and for the years ended December 31, 2011 and 2010, which collectively comprise the District's financial statements and have issued our report thereon dated November 27, 2012, wherein we noted the District prepared its statements on a basis of accounting prescribed by the Auditor of State and not in accordance with 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' *District 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-001 described in the accompanying schedule of findings to be a material weakness.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-002.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated November 27, 2012.

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.



Dave Yost
Auditor of State

November 27, 2012

**SANDUSKY TOWNSHIP SEWER DISTRICT
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-001

Material Weakness – Financial Reporting

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. As a result of the audit procedures performed, errors were noted in the financial statements that required material audit adjustments.

During 2010, debt proceeds in the amount of \$397,288 paid directly to construction vendors from the Ohio Water Development Authority (OWDA) were not recorded by the District; WPCLF ARRA Fund Principal Forgiveness payments totaling \$309,060 applied to a District OWDA loan were also not recorded by the District and a portion of a principal payment in the amount of \$930 was misposted as interest.

During 2011, debt proceeds in the amount of \$296,828 paid directly to construction vendors from the OWDA were not recorded by the District; contractual services totaling \$13,401 were misposted as principal payments; a portion of a principal payment in the amount of \$1,888 was misposted as interest and tap-in fees totaling \$89,000 paid directly to the District and not assessed to residents' taxes were recorded as special assessments instead of charges for services.

The accompanying financial statements have been adjusted to correct these errors.

To ensure the District's financial statements and notes to the statements are complete and accurate, the Board should adopt policies and procedures, including a final review of the annual report by the audit committee to identify and correct errors and omissions.

FINDING NUMBER 2011-002

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 2010 and 2011 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.

FINDING NUMBER 2011-002
(Continued)

During 2010 and 2011 the District failed to adopt an appropriation measure. Since no appropriation measure was adopted for either year, the fiscal officer was unable to properly certify the funds were lawfully appropriated in accordance with the requirements of **Ohio Revised Code, § 5705.41(D)**. Additionally, since there were no appropriations for 2010 or 2011, expenditures exceed appropriations contrary to **Ohio Revised Code, § 5705.41(B)**.

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 integrate the budgetary information approved by the Board into the District's accounting ledgers and 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, 2011 AND 2010**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|--|------------------|--|
| 2009-001 | Ohio Revised Code §5705.41(D)(1) - District failed to certify the availability of funds prior the contract or order of any expenditure of money. | No | Not Corrected. Repeated as Finding #2011-002 in this report. |
| 2009-002 | Ohio Revised Code § 5705.28 - District failed to complete the certification of the total amount from all sources available for expenditures and failed to approve annual appropriation measures. | No | Not Corrected. Repeated as Finding #2011-002 in this report. |

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Dave Yost • 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
DECEMBER 11, 2012**