

**SALTCREEK TOWNSHIP
HOLMES COUNTY**

Regular Audit

FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012

Varney, Fink & Associates, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Trustees
Saltcreek Township
7261 T.R. 604
Millersburg, Ohio 44654

We have reviewed the *Independent Auditor's Report* of the Saltcreek Township, Holmes County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State
September 29, 2014

This page intentionally left blank.

**SALTCREEK TOWNSHIP
HOLMES COUNTY
Regular Audit
For the Years Ended
December 31, 2013 and 2012**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report.....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012.....	4
Notes to the Financial Statements.....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

Saltcreek Township
Holmes County
7261 T. R. 604
Millersburg, Ohio 44654

To the Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Saltcreek Township, Holmes County, (the Government) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Government's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Government's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Government prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Government as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Saltcreek Township, Holmes County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2014, on our consideration of the Government'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Government's internal control over financial reporting and compliance.

Varney, Fink & Associates

Varney, Fink & Associates, Inc.
Certified Public Accountants
Wadsworth, Ohio

June 3, 2014

**Saltcreek Township
Holmes County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2013**

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$123,233	\$242,555	\$365,788
Charges for Services	0	9,200	9,200
Intergovernmental	42,719	155,922	198,641
Earnings on Investments	798	29	827
Miscellaneous	3,130	15,988	19,118
<i>Total Cash Receipts</i>	<u>169,880</u>	<u>423,694</u>	<u>593,574</u>
Cash Disbursements			
Current:			
General Government	170,432	0	170,432
Public Works	7,335	450,108	457,443
Health	29,089	0	29,089
Debt Service			
Principal Retirement	20,734	0	20,734
Interest & Fiscal Charges	2,366	0	2,366
<i>Total Cash Disbursements</i>	<u>229,956</u>	<u>450,108</u>	<u>680,064</u>
<i>Net Change in Fund Cash Balances</i>	(60,076)	(26,414)	(86,490)
<i>Fund Cash Balances , January 1</i>	<u>225,670</u>	<u>160,066</u>	<u>385,736</u>
Fund Cash Balances , December 31			
Restricted for Road Maintenance and Improvements	0	133,652	133,652
Unassigned	165,594	0	165,594
<i>Fund Cash Balances , December 31</i>	<u><u>\$165,594</u></u>	<u><u>\$133,652</u></u>	<u><u>\$299,246</u></u>

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

**Saltcreek Township
Holmes County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2012**

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$121,587	\$239,348	\$360,935
Charges for Services	0	150	150
Intergovernmental	72,230	166,132	238,362
Earnings on Investments	1,246	26	1,272
Miscellaneous	109	19,323	19,432
<i>Total Cash Receipts</i>	<u>195,172</u>	<u>424,979</u>	<u>620,151</u>
Cash Disbursements			
Current:			
General Government	172,800	0	172,800
Public Works	40,853	346,214	387,067
Health	42,322	0	42,322
Debt Service:			
Principal Retirement	20,056	0	20,056
Interest & Fiscal Charges	3,044	0	3,044
<i>Total Cash Disbursements</i>	<u>279,075</u>	<u>346,214</u>	<u>625,289</u>
<i>Net Change in Fund Cash Balance</i>	(83,903)	78,765	(5,138)
<i>Fund Cash Balances , January 1</i>	<u>309,573</u>	<u>81,301</u>	<u>390,874</u>
Fund Cash Balances , December 31			
Restricted for Road Maintenance and Improvements	0	160,066	160,066
Unassigned	225,670	0	225,670
<i>Fund Cash Balances , December 31</i>	<u><u>\$225,670</u></u>	<u><u>\$160,066</u></u>	<u><u>\$385,736</u></u>

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

**SALTCREEK TOWNSHIP
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 Saltcreek Township, Holmes County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the East Holmes Fire & EMS District to provide fire and EMS services and with the Holmes County Sheriff's Department to provide police protection.

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA)

The Township's management believes these financial statements present all activities for which the Township 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 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. Deposits and Investments

The Township'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.

The Township values U.S. Treasury Notes and common stock at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**SALTCREEK TOWNSHIP
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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.

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

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 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 canceled, and reappropriated in the subsequent year.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**SALTCREEK TOWNSHIP
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**SALTCREEK TOWNSHIP
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

G. 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.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investments

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

	2013	2012
Demand deposits	\$165,844	\$203,033
Certificates of deposit	133,402	182,703
Total deposits	\$299,246	\$385,736

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and December 31, 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$161,135	\$169,880	\$8,745
Special Revenue	400,730	423,694	22,964
Total	\$561,865	\$593,574	\$31,709

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$367,465	\$229,956	\$137,509
Special Revenue	532,800	450,108	82,692
Total	\$900,265	\$680,064	\$220,201

**SALTCREEK TOWNSHIP
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$168,150	\$195,172	\$27,022
Special Revenue	406,430	424,979	18,549
Total	\$574,580	\$620,151	\$45,571

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$429,950	\$279,075	\$150,875
Special Revenue	438,500	346,214	92,286
Total	\$868,450	\$625,289	\$243,161

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax 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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. Debt

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Government Obligation Contract	\$54,955	3.354%

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Bank Loan
2014	\$23,100
2015	23,100
2016	11,551
Total	\$57,751

Contrary to Ohio Revised Code Section 5549.02, Townships are not authorized to purchase road equipment by installment arrangements.

**SALTCREEK TOWNSHIP
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

6. Retirement Systems

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

7. Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the (Saltcreek Township's) policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle.

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	(8,486,363)	(9,355,082)
Net Position - Unrestricted	<u>\$26,467,923</u>	<u>\$25,416,188</u>

8. Contingent Liabilities

The Township is currently not a defendant in any lawsuits.

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

Saltcreek Township
Holmes County
7261 T. R. 604
Millersburg, Ohio 44654

To the Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Saltcreek Township, Holmes County, (the Government) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, wherein we noted the Government followed financial reporting provisions Ohio Revised Code section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Government's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Government's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Government's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency in internal control. We consider finding 2013-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Government'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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Government's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Government's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Varney, Fink & Associates

Varney, Fink & Associates, Inc.
Certified Public Accountants
Wadsworth, Ohio

June 3, 2014

SALTCREEK TOWNSHIP
HOLMES COUNTY
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
YEARS ENDING DECEMBER 31, 2013 AND DECEMBER 31, 2012

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

Finding 2013-001

Significant Deficiency

Accumulated vacation, sick, comp time and overtime. In order to correctly track the time earned, used and balances at any given time, a tracking log needs to be maintained. The Holmes County Township Association Handbook addresses the following:

Vacation

Section 5.2 I Vacation leave must be taken by the employee during the year in which it accrues and before the employee's next anniversary date or the vacation leave shall be forfeited.

 K All vacation leave requests must be submitted to the Appointing Authority for approval.

Sick Leave

Section 5.4E Sick leave must be requested on the approved Request for sick leave form as soon as the employee returns to work in order to justify the use of sick leave.

 N The Fiscal Officer shall maintain records of all sick leave accrual and usage for employees.

Overtime

Section 4.6C(2) If overtime is required, the prior authorization of the Appointing Authority or the employees direct supervisor is required.

 C(3) If overtime emergency situation, if the Appointing Authority or the employee's direct supervisor cannot be reached for approval overtime may be worked without prior authorization.

 C(4) States "For overtime calculation, the time in active pay status, when an employee is not actually working (e.g. sick leave, vacation, paid lunch periods in which the employee is completely relieved of all duties, compensatory time, or holidays), is not considered time worked. An employee must be in active work status for the entire forty hour work week in order to receive overtime compensation for hours worked over forty in one work week.

SALTCREEK TOWNSHIP
HOLMES COUNTY
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
YEARS ENDING DECEMBER 31, 2013 AND DECEMBER 31, 2012

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

C(6) Overtime compensation may be taken in the form of pay or compensatory time off.

C(6)(b)(1) An employee must tell the supervisor at the time overtime is worked whether he/she wishes compensation in the form of wages or compensatory time. Failure to request compensatory time will result in overtime compensation in the form of wages.

Time Sheets/Cards

Section 4.2A The Appointing Authority shall determine whether time sheets or cards shall be used for payroll purposes. Employee time sheets or cards showing hours worked and vacation, sick, etc. will be filled out by each employee and signed by the supervisor.

Record Keeping

Section 4.3 The Fair Labor Standards Act requires the employer to keep an accurate daily record of each employee's hours worked. Pay records include:

- J. Sick Time;
- K. Vacation time; and
- L. Compensatory time.

The Township hired its first hourly paid employee in April 2011. The Township has not followed proper procedures for the following items listed in the Holmes County Township Association Handbook as follows:

Vacation – Contrary to Section 5.2 I – Vacation time of 40 hours was earned on April 4, 2012. The employee did not use vacation time from April 4, 2012 through April 3, 2013. Without a log we cannot determine if the unused time was forfeited as required. On April 4, 2013 an additional 80 hours was earned and from April 4, 2013 through December 31, 2013 48 hours of vacation time was used. Also, contrary to Section 5.2(K), we did not see during our testing vacation requests submitted to the Township for approval.

Sick Leave – Contrary to Section 5.4 E, we did not see the Request for Sick Leave form being utilized by Township employees. The Fiscal Officer did not maintain records of all sick leave accrual and usage for employees as required by Section 5.4N.

SALTCREEK TOWNSHIP
HOLMES COUNTY
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
YEARS ENDING DECEMBER 31, 2013 AND DECEMBER 31, 2012

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

Overtime – During our testing of individual pay periods, we did not notice prior authorization or subsequent authorization of overtime as required by Section 4.6C(2). We scanned all time cards for the years 2013 and 2012 and did not notice any indications that overtime would be taken as compensatory time. We did find instances where compensatory of 24 hours time was used however by one employee.

We found one instance where eight hours of compensatory time was used during the work week and the employee was paid for overtime that should not have been, resulting in an over payment of \$68.00.

Time Sheets/Cards – We did not notice any signature other than the employees on time cards. A supervisor or trustee should review and approve time cards.

Record Keeping – The Township is not maintaining a log or daily record of sick time, vacation time or compensatory time. We recommend a log be created to track time earned and used with activity back to when the first employee was hired.

Officials Response:

The Township will develop appropriate leave forms to track leave time for each pay period and will also prepare a log for the past payrolls to have an up-to-date report of leave balances.

This page intentionally left blank.



Dave Yost • Auditor of State

SALTCREEK TOWNSHIP

HOLMES 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
OCTOBER 9, 2014**