



**SALT ROCK TOWNSHIP  
MARION COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2007-2006**



**Mary Taylor, CPA**  
Auditor of State



**SALT ROCK TOWNSHIP  
MARION COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Salt Rock Township  
Marion County  
5764 Morral-Kirkpatrick Road West  
Morral, Ohio 43337

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Salt Rock Township, Marion County, Ohio (the Township), as of and for the years ended December 31, 2007, and 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Salt Rock Township, Marion County, Ohio, as of December 31, 2007, and 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, Fire District, and Special Levy Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.

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

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

**Mary Taylor, CPA**  
Auditor of State

August 25, 2008

**SALT ROCK TOWNSHIP  
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
UNAUDITED**

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This discussion and analysis of Salt Rock Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007, and December 31, 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$59,390, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Gasoline Tax Fund.

The Township's general receipts are primarily property and gasoline tax income. These receipts represent respectively 29 and 37 percent of the total cash received for governmental activities during the year. Property and gasoline tax receipts for 2007 changed compared to 2006 as the cost of gasoline at the pumps have risen, and property taxes have increased from 2006.

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$43,192. The fund most affected by the increase in cash and cash equivalents was the Gasoline Tax Fund.

The Township's general receipts are primarily property and gasoline tax income. These receipts represent respectively 27 and 37 percent of the total cash received for governmental activities during the year. Gasoline tax receipts for 2006 changed compared to 2005 as the cost of gasoline at the pumps have risen. Property taxes have remained about the same within the township.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**SALT ROCK TOWNSHIP  
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
UNAUDITED  
(Continued)**

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**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and gasoline taxes.

In the statement of net assets and the statement of activities, the Township has Governmental activities only.

The Township's basic services are reported in Governmental Activities. State and federal grants, property and gasoline taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the funds of the Township are governmental funds.

**SALT ROCK TOWNSHIP  
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
UNAUDITED  
(Continued)**

The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. For 2006 and 2007 the Township's major governmental funds are the General, Gasoline Tax, Fire District, Special Levy, and Debt Service Funds.

**The Government as a Whole**

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 and 2006 compared to 2005 on a cash basis:

(Table 1)

**Net Assets**

	Governmental Activities		
	2007	2006	2005
<b>Assets</b>			
Cash and Cash Equivalents	\$584,715	\$525,325	\$482,133
Total Assets	\$584,715	\$525,325	\$482,133
<b>Net Assets</b>			
Restricted for:			
Expendable	\$441	\$397	\$367
Non Expendable	1,000	1,000	1,000
Other Purposes	406,327	353,730	320,745
Unrestricted	176,947	170,198	160,021
Total Net Assets	\$584,715	\$525,325	\$482,133

As mentioned previously, net assets of governmental activities increased \$59,390 during 2007 and \$43,192 during 2006. The primary reasons contributing to the increase in cash balances are as follows:

Property taxes and Gasoline tax money have increased over both 2007 and 2006. During 2007 real estate tax evaluations caused an increase in real estate tax revenue, and increasing gas prices continue to increase Gasoline Tax revenue. The Township also received a one-time estate tax receipt during 2006.

**SALT ROCK TOWNSHIP  
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net assets on a cash basis from 2007 to 2006 and 2006 to 2005 for governmental activities, and total primary government.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities		
	2007	2006	2,005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$51,217	\$34,327	\$41,064
Operating Grants and Contributions	95,100	92,302	85,332
Total Program Receipts	<u>146,317</u>	<u>126,629</u>	<u>126,396</u>
General Receipts:			
Property and Other Local Taxes	68,588	60,236	64,002
Grants and Entitlements Not Restricted to Specific Programs	12,771	22,755	70,160
Earnings on Investments	10,752	9,886	6,452
Miscellaneous	235	3,150	623
Total General Receipts	<u>92,346</u>	<u>96,027</u>	<u>141,237</u>
Total Receipts	<u>238,663</u>	<u>222,656</u>	<u>267,633</u>
Disbursements:			
General Government	39,203	36,959	46,713
Public Safety	40,253	45,102	31,041
Public Works	71,088	66,953	45,295
Health	2,683	3,296	3,620
Capital Outlay	0	1,099	20,534
Principal Retirement	18,755	17,755	16,809
Interest and Fiscal Charges	7,300	8,300	9,246
Total Disbursements	<u>179,282</u>	<u>179,464</u>	<u>173,258</u>
Increase in Net Assets	59,381	43,192	94,375
Net Assets, January 1	<u>525,334</u>	<u>482,133</u>	<u>387,761</u>
Net Assets, December 31	<u>\$584,715</u>	<u>\$525,325</u>	<u>482,136</u>

Program receipts represent 61% and 57%, for 2007 and 2006 respectively, of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and charges for fire protection services provided to Big Island and Grand Prairie Township's under contract.

General receipts represent 39% of the Township's total receipts in 2007 and 43% in 2006, and of this amount, 29% are Property and Other Local Taxes and Other Taxes in 2007 and 27% in 2006. State and federal grants and entitlements make up 14% and 24% of the Township's general receipts in 2007 and 2006. Other receipts are very insignificant and somewhat unpredictable revenue sources.

**SALT ROCK TOWNSHIP  
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
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(Continued)**

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for other Township activities. These include the costs of Trustees, Fiscal Officer, and Volunteer Fire Department as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to the General Fund unrestricted receipts.

**Governmental Activities**

If you look at the Statement of Activities on page 11 for 2007 and page 19 for 2006, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government, and public works, which account for 22% and 40% of all governmental disbursements, respectively for 2007 and 21% and 37% for 2006. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	<b>Governmental Activities</b>					
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>	<u>2005</u>	<u>2005</u>
General Government	\$39,203	(\$39,203)	\$36,959	(\$36,959)	46,713	(46,713)
Public Safety	\$40,253	\$10,747	\$45,102	(\$11,102)	31,041	12,024
Public Health Services	2,683	(2,683)	3,296	(3,296)	3,620	(3,620)
Public Works	71,088	24,012	66,953	25,349	45,295	17,438
Other	0	217	0	327	0	64
Capital Outlay	0	0	1,099	(1,099)	20,534	0
Principal Retirement	18,755	(18,755)	17,755	(17,755)	16,809	(16,809)
Interest and Fiscal Charges	7,300	(7,300)	8,300	(8,300)	9,246	(9,246)
<b>Total Expenses</b>	<u>\$179,282</u>	<u>(\$32,965)</u>	<u>\$179,464</u>	<u>(\$52,835)</u>	<u>173,258</u>	<u>(46,862)</u>

The dependence upon property tax receipts is shown in the table above as over 18% in 2007 and 29% in 2006 of governmental activities are supported through these general receipts.

**The Township's Funds**

Total governmental funds had receipts and other financing sources of \$264,718 in 2007 and \$248,711 in 2006 and disbursements and other financing uses of \$205,337 in 2007 and \$205,519 in 2006. The greatest change within governmental funds occurred within the Gasoline Tax Fund. The fund balance of the Gasoline Tax Fund increased \$23,256 in 2007 and \$20,525 in 2006 as the result of increase in gasoline prices at the pumps. The General Fund had an increase of \$6,748 in 2007 and \$10,175 in 2006 which is a result of estate tax money, and increase in property taxes.

**SALT ROCK TOWNSHIP  
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
UNAUDITED  
(Continued)**

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**Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted funds are the General, Gasoline Tax, Fire District, and Special Levy Funds. The Township did not amend its General, Gasoline Tax, or Special Levy Funds budgets in 2007 or 2006. The Township also did not amend its Fire District Fund budget in 2007. The Fire District Fund budget estimated receipts were amended in 2006 due to charge for service receipts for fire protection services that were not anticipated to be paid until 2007. As a result of the reduction to estimated receipts, appropriations were also reduced by the same amount.

**Debt Administration**

**Debt**

At December 31, 2007, the Township's outstanding debt included \$130,275 which includes interest in debt service obligations issued for the purchase of a new fire truck. For further information regarding the Township's debt, refer to Note 6 to the basic financial statements.

**Current Issues**

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a deficit for 2008; due to cuts in the general fund budget. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Township. The only large spending will be done for anticipated public safety equipment with the anticipation of receiving Federal grant. We expect to spend more for road maintenance and repair due to the increase in cost of labor and equipment.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Sharon K. Bosley, Fiscal Officer, 5764 Morral-Kirkpatrick Rd. W. Morral, Ohio 43337.

**SALT ROCK TOWNSHIP, MARION COUNTY**

*Statement of Net Assets - Cash Basis*

*December 31, 2007*

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$584,714.55
<i>Total Assets</i>	<u><u>\$584,714.55</u></u>
<b>Net Assets</b>	
Restricted for:	
Expendable	441.33
Nonexpendable	1,000.00
Other Purposes	406,326.33
Unrestricted	176,946.89
<i>Total Net Assets</i>	<u><u>\$584,714.55</u></u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP, MARION COUNTY**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2007*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes In Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$39,203.23	\$0.00	\$0.00	(\$39,203.23)
Public Safety	40,252.96	51,000.00	0.00	10,747.04
Public Works	71,088.11	0.00	95,099.96	24,011.85
Health	2,682.52	0.00	0.00	(2,682.52)
Other	0.00	217.00	0.00	217.00
Debt Service:				
Principal	18,755.00	0.00	0.00	(18,755.00)
Interest	7,300.00	0.00	0.00	(7,300.00)
<i>Total Governmental Activities</i>	<u>\$179,281.82</u>	<u>\$51,217.00</u>	<u>\$95,099.96</u>	<u>(\$32,964.86)</u>
<b>General Receipts</b>				
Property Taxes Levied for:				
General Purposes				\$29,294.23
Other Purposes				39,293.59
Grants and Entitlements not Restricted to Specific Programs				12,770.95
Earnings on Investments				10,751.97
Miscellaneous				234.81
Total General Receipts				92,345.55
Change in Net Assets				59,380.69
<i>Net Assets Beginning of Year</i>				<u>525,333.86</u>
<i>Net Assets End of Year</i>				<u>\$584,714.55</u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP, MARION COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2007*

	GENERAL	GASOLINE TAX	FIRE DISTRICT	SPECIAL LEVY	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$176,946.89	\$184,758.04	\$109,083.58	\$74,264.74	\$39,661.30	\$584,714.55
<i>Total Assets</i>	<u>\$176,946.89</u>	<u>\$184,758.04</u>	<u>\$109,083.58</u>	<u>\$74,264.74</u>	<u>\$39,661.30</u>	<u>\$584,714.55</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Permanent Fund Purpose	\$0.00	\$0.00	\$0.00	\$0.00	\$1,000.00	\$0.00
Unreserved:						
Undesignated, Reported in:						
General Fund	176,946.89	0.00	0.00	0.00	0.00	176,946.89
Special Revenue Funds	0.00	184,758.04	109,083.58	74,264.74	38,219.97	406,326.33
Permanent Fund	0.00	0.00	0.00	0.00	441.33	1,441.33
<i>Total Fund Balances</i>	<u>\$176,946.89</u>	<u>\$184,758.04</u>	<u>\$109,083.58</u>	<u>\$74,264.74</u>	<u>\$39,661.30</u>	<u>\$584,714.55</u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP, MARION COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2007*

	GENERAL	GASOLINE TAX	FIRE DISTRICT	SPECIAL LEVY	DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>							
Property and Other Local Taxes	\$29,294.23	\$0.00	\$0.00	\$39,293.59	\$0.00	\$0.00	\$68,587.82
Charges for Services	0.00	0.00	51,000.00	0.00	0.00	0.00	51,000.00
Licenses, Permits and Fees	217.00	0.00	0.00	0.00	0.00	0.00	217.00
Intergovernmental	12,770.95	88,446.56	0.00	0.00	0.00	6,653.40	107,870.91
Earnings on Investments	6,222.20	4,206.64	0.00	0.00	0.00	323.13	10,751.97
Miscellaneous	234.81	0.00	0.00	0.00	0.00	0.00	234.81
<b>Total Receipts</b>	<b>48,739.19</b>	<b>92,653.20</b>	<b>51,000.00</b>	<b>39,293.59</b>	<b>0.00</b>	<b>6,976.53</b>	<b>238,662.51</b>
<b>Disbursements</b>							
Current:							
General Government	39,203.23	0.00	0.00	0.00	0.00	0.00	39,203.23
Public Safety	105.00	0.00	30,554.92	9,593.04	0.00	0.00	40,252.96
Public Works	0.00	69,397.43	0.00	0.00	0.00	1,690.68	71,088.11
Health	2,682.52	0.00	0.00	0.00	0.00	0.00	2,682.52
Debt Service:							
Principal Retirement	0.00	0.00	0.00	0.00	18,755.00	0.00	18,755.00
Interest and Fiscal Charges	0.00	0.00	0.00	0.00	7,300.00	0.00	7,300.00
<b>Total Disbursements</b>	<b>41,990.75</b>	<b>69,397.43</b>	<b>30,554.92</b>	<b>9,593.04</b>	<b>26,055.00</b>	<b>1,690.68</b>	<b>179,281.82</b>
Excess of Receipts Over (Under) Disbursements	6,748.44	23,255.77	20,445.08	29,700.55	(26,055.00)	5,285.85	59,380.69
Other Financing Sources (Uses)							
Transfers In	0.00	0.00	0.00	0.00	26,055.00	0.00	26,055.00
Transfers Out	0.00	0.00	0.00	(26,055.00)	0.00	0.00	(26,055.00)
<b>Total Other Financing Sources (Uses)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(26,055.00)</b>	<b>26,055.00</b>	<b>0.00</b>	<b>0.00</b>
Net Change in Fund Balances	6,748.44	23,255.77	20,445.08	3,645.55	0.00	5,285.85	59,380.69
Fund Balances Beginning of Year	170,198.45	161,502.27	88,638.50	70,619.19	0.00	34,375.45	525,333.86
<b>Fund Balances End of Year</b>	<b>\$176,946.89</b>	<b>\$184,758.04</b>	<b>\$109,083.58</b>	<b>\$74,264.74</b>	<b>\$0.00</b>	<b>\$39,661.30</b>	<b>\$584,714.55</b>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP, MARION COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$23,955.00	\$23,955.00	\$29,294.23	\$5,339.23
Licenses, Permits and Fees	50.00	50.00	217.00	167.00
Intergovernmental	10,849.54	10,849.54	12,770.95	1,921.41
Earnings on Investments	1,000.00	1,000.00	6,222.20	5,222.20
Miscellaneous	261.60	261.60	234.81	(26.79)
<i>Total receipts</i>	36,116.14	36,116.14	48,739.19	12,623.05
<b>Disbursements</b>				
Current:				
General Government	128,023.00	128,023.00	39,203.23	88,819.77
Public Safety	10,000.00	10,000.00	105.00	9,895.00
Health	16,000.00	16,000.00	2,682.52	13,317.48
Capital Outlay	50,000.00	50,000.00	0.00	50,000.00
<i>Total Disbursements</i>	204,023.00	204,023.00	41,990.75	162,032.25
<i>Net Change in Fund Balance</i>	(167,906.86)	(167,906.86)	6,748.44	174,655.30
<i>Fund Balance Beginning of Year</i>	170,198.45	170,198.45	170,198.45	0.00
<i>Fund Balance End of Year</i>	\$2,291.59	\$2,291.59	176,946.89	\$174,655.30

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP, MARION COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$75,450.00	\$75,450.00	\$88,446.56	\$12,996.56
Earnings on Investments	50.00	50.00	4,206.64	4,156.64
<i>Total receipts</i>	<u>75,500.00</u>	<u>75,500.00</u>	<u>92,653.20</u>	<u>17,153.20</u>
<b>Disbursements</b>				
Current:				
Public Works	184,516.00	184,516.00	69,397.43	115,118.57
Capital Outlay	50,000.00	50,000.00	0.00	50,000.00
<i>Total Disbursements</i>	<u>234,516.00</u>	<u>234,516.00</u>	<u>69,397.43</u>	<u>165,118.57</u>
<i>Net Change in Fund Balance</i>	(159,016.00)	(159,016.00)	23,255.77	182,271.77
<i>Fund Balance Beginning of Year</i>	<u>161,502.27</u>	<u>161,502.27</u>	<u>161,502.27</u>	<u>0.00</u>
<i>Fund Balance End of Year</i>	<u>\$2,486.27</u>	<u>\$2,486.27</u>	<u>184,758.04</u>	<u>\$182,271.77</u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP, MARION COUNTY**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual -Budget Basis  
 Fire District Fund  
 For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Charges for Services	\$51,000.00	\$51,000.00	\$51,000.00	\$0.00
<i>Total receipts</i>	<u>51,000.00</u>	<u>51,000.00</u>	<u>51,000.00</u>	<u>0.00</u>
<b>Disbursements</b>				
Current:				
Public Safety	115,000.00	115,000.00	30,554.92	84,445.08
Capital Outlay	22,000.00	22,000.00	0.00	22,000.00
<i>Total Disbursements</i>	<u>137,000.00</u>	<u>137,000.00</u>	<u>30,554.92</u>	<u>106,445.08</u>
<i>Net Change in Fund Balance</i>	(86,000.00)	(86,000.00)	20,445.08	106,445.08
<i>Fund Balance Beginning of Year</i>	<u>88,638.50</u>	<u>88,638.50</u>	<u>88,638.50</u>	<u>0.00</u>
<i>Fund Balance End of Year</i>	<u>\$2,638.50</u>	<u>\$2,638.50</u>	<u>109,083.58</u>	<u>\$106,445.08</u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP, MARION COUNTY**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual -Budget Basis  
 Special Levy Fund  
 For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$36,445.00	\$36,445.00	\$39,293.59	\$2,848.59
Intergovernmental	2,886.15	2,886.15	0.00	(2,886.15)
<i>Total receipts</i>	<u>39,331.15</u>	<u>39,331.15</u>	<u>39,293.59</u>	<u>(37.56)</u>
<b>Disbursements</b>				
Current:				
Public Safety	44,000.00	44,000.00	9,593.04	34,406.96
Capital Outlay	37,000.00	37,000.00	0.00	37,000.00
<i>Total Disbursements</i>	<u>81,000.00</u>	<u>81,000.00</u>	<u>9,593.04</u>	<u>71,406.96</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(41,668.85)</u>	<u>(41,668.85)</u>	<u>29,700.55</u>	<u>71,369.40</u>
<b>Other Financing Uses</b>				
Transfers Out	<u>(26,055.00)</u>	<u>(26,055.00)</u>	<u>(26,055.00)</u>	<u>0.00</u>
<i>Net Change in Fund Balance</i>	<u>(67,723.85)</u>	<u>(67,723.85)</u>	<u>3,645.55</u>	<u>71,369.40</u>
<i>Fund Balance Beginning of Year</i>	<u>70,619.19</u>	<u>70,619.19</u>	<u>70,619.19</u>	<u>0.00</u>
<i>Fund Balance End of Year</i>	<u>\$2,895.34</u>	<u>\$2,895.34</u>	<u>74,264.74</u>	<u>\$71,369.40</u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP, MARION COUNTY**

*Statement of Net Assets - Cash Basis*

*December 31, 2006*

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$525,325.36
<i>Total Assets</i>	<u><u>\$525,325.36</u></u>
<b>Net Assets</b>	
Restricted for:	
Expendable	396.66
Nonexpendable	1,000.00
Other Purposes	353,730.25
Unrestricted	170,198.45
<i>Total Net Assets</i>	<u><u>\$525,325.36</u></u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP, MARION COUNTY**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2006*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$36,959.43	\$0.00	\$0.00	(\$36,959.43)
Public Safety	45,101.79	34,000.00	0.00	(11,101.79)
Public Works	66,952.99	0.00	92,301.81	25,348.82
Health	3,296.12	0.00	0.00	(3,296.12)
Other	0.00	327.00	0.00	327.00
Capital Outlay	1,098.58	0.00	0.00	(1,098.58)
Debt Service:				
Principal	17,755.00	0.00	0.00	(17,755.00)
Interest	8,300.00	0.00	0.00	(8,300.00)
<i>Total Governmental Activities</i>	<u>179,463.91</u>	<u>34,327.00</u>	<u>92,301.81</u>	<u>(52,835.10)</u>
<b>General Receipts</b>				
Property Taxes Levied for:				
General Purposes				\$24,612.00
Other Purposes				35,623.90
Grants and Entitlements not Restricted to Specific Programs				22,755.40
Earnings on Investments				9,886.07
Miscellaneous				3,149.76
<i>Total General Receipts</i>				<u>96,027.13</u>
Change in Net Assets				43,192.03
<i>Net Assets Beginning of Year</i>				<u>482,133.10</u>
<i>Net Assets End of Year</i>				<u><u>\$525,325.13</u></u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP, MARION COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2006*

	GENERAL	GASOLINE TAX	FIRE DISTRICT	SPECIAL LEVY	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$170,198.45	\$161,502.27	\$88,630.00	\$70,619.19	\$34,375.45	\$525,285.36
<i>Total Assets</i>	<u>\$170,198.45</u>	<u>\$161,502.27</u>	<u>\$88,630.00</u>	<u>\$70,619.19</u>	<u>\$34,375.45</u>	<u>\$525,325.36</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Permanent Fund Purpose	\$0.00	\$0.00	\$0.00	\$0.00	\$1,000.00	\$0.00
Unreserved:						
Undesignated, Reported in:						
General Fund	170,198.45	0.00	0.00	0.00	0.00	170,198.45
Special Revenue Funds	0.00	161,502.27	88,630.00	70,619.19	32,978.79	353,730.25
Permanent Fund	0.00	0.00	0.00	0.00	396.66	1,396.66
<i>Total Fund Balances</i>	<u>\$170,198.45</u>	<u>\$161,502.27</u>	<u>\$88,630.00</u>	<u>\$70,619.19</u>	<u>\$34,375.45</u>	<u>\$525,325.36</u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP, MARION COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	GENERAL	GASOLINE TAX	FIRE DISTRICT	SPECIAL LEVY	DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>							
Property and Other Local Taxes	\$24,612.69	\$0.00	\$0.00	\$35,623.90	\$0.00	\$0.00	\$60,236.59
Charges for Services	0.00	0.00	34,000.00	0.00	0.00	0.00	34,000.00
Licenses, Permits and Fees	327.00	0.00	0.00	0.00	0.00	0.00	327.00
Intergovernmental	20,888.76	82,938.22	0.00	1,866.18	0.00	9,363.59	115,056.75
Earnings on Investments	5,787.98	3,838.40	0.00	0.00	0.00	259.69	9,886.07
Miscellaneous	122.97	0.00	250.00	2,776.79	0.00	0.00	3,149.76
<b>Total Receipts</b>	<b>51,739.40</b>	<b>86,776.62</b>	<b>34,250.00</b>	<b>40,266.87</b>	<b>0.00</b>	<b>9,623.28</b>	<b>222,656.17</b>
<b>Disbursements</b>							
Current:							
General Government	36,959.43	0.00	0.00	0.00	0.00	0.00	36,959.43
Public Safety	210.00	0.00	33,636.28	11,255.51	0.00	0.00	45,101.79
Public Works	0.00	66,252.02	0.00	0.00	0.00	700.97	66,952.99
Health	3,296.12	0.00	0.00	0.00	0.00	0.00	3,296.12
Capital Outlay	1,098.58	0.00	0.00	0.00	0.00	0.00	1,098.58
Debt Service:							
Principal Retirement	0.00	0.00	0.00	0.00	17,755.00	0.00	17,755.00
Interest and Fiscal Charges	0.00	0.00	0.00	0.00	8,300.00	0.00	8,300.00
<b>Total Disbursements</b>	<b>41,564.13</b>	<b>66,252.02</b>	<b>33,636.28</b>	<b>11,255.51</b>	<b>26,055.00</b>	<b>700.97</b>	<b>179,463.91</b>
Excess of Receipts Over (Under) Disbursements	10,175.27	20,524.60	613.72	29,011.36	(26,055.00)	8,922.31	43,192.26
Other Financing Sources (Uses)							
Transfers In	0.00	0.00	0.00	0.00	26,055.00	0.00	26,055.00
Transfers Out	0.00	0.00	0.00	(26,055.00)	0.00	0.00	(26,055.00)
<b>Total Other Financing Sources (Uses)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(26,055.00)</b>	<b>26,055.00</b>	<b>0.00</b>	<b>0.00</b>
Net Change in Fund Balances	10,175.27	20,524.60	613.72	2,956.36	0.00	8,922.31	43,192.26
Fund Balances Beginning of Year	160,023.18	140,977.67	88,016.28	67,662.83	0.00	25,453.14	482,133.10
Fund Balances End of Year	<u>\$170,198.45</u>	<u>\$161,502.27</u>	<u>\$88,630.00</u>	<u>\$70,619.19</u>	<u>\$0.00</u>	<u>\$34,375.45</u>	<u>\$525,325.36</u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP, MARION COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$23,612.00	\$23,612.00	\$24,612.69	\$1,000.69
Licenses, Permits and Fees	20.00	20.00	327.00	307.00
Intergovernmental	10,416.40	10,416.40	20,888.76	10,472.36
Earnings on Investments	1,000.00	1,000.00	5,787.98	4,787.98
Miscellaneous	402.00	402.00	122.97	(279.03)
<i>Total receipts</i>	35,450.40	35,450.40	51,739.40	16,289.00
<b>Disbursements</b>				
Current:				
General Government	114,144.00	114,144.00	36,959.43	77,184.57
Public Safety	10,000.00	10,000.00	210.00	9,790.00
Health	16,000.00	16,000.00	3,296.12	12,703.88
Capital Outlay	53,000.00	53,000.00	1,098.58	51,901.42
<i>Total Disbursements</i>	193,144.00	193,144.00	41,564.13	151,579.87
<i>Net Change in Fund Balance</i>	(157,693.60)	(157,693.60)	10,175.27	167,868.87
<i>Fund Balance Beginning of Year</i>	160,023.18	160,023.18	160,023.18	0.00
<i>Fund Balance End of Year</i>	\$2,329.58	\$2,329.58	\$170,198.45	\$167,868.87

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP, MARION COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$50,000.00	\$50,000.00	\$82,938.22	\$32,938.22
Earnings on Investments	500.00	500.00	3,838.40	3,338.40
<i>Total receipts</i>	<u>50,500.00</u>	<u>50,500.00</u>	<u>86,776.62</u>	<u>36,276.62</u>
<b>Disbursements</b>				
Current:				
Public Works	160,224.00	160,224.00	66,252.02	93,971.98
Capital Outlay	29,000.00	29,000.00	0.00	29,000.00
<i>Total Disbursements</i>	<u>189,224.00</u>	<u>189,224.00</u>	<u>66,252.02</u>	<u>122,971.98</u>
<i>Net Change in Fund Balance</i>	(138,724.00)	(138,724.00)	20,524.60	159,248.60
<i>Fund Balance Beginning of Year</i>	<u>140,977.67</u>	<u>140,977.67</u>	<u>140,977.67</u>	<u>0.00</u>
<i>Fund Balance End of Year</i>	<u>\$2,253.67</u>	<u>\$2,253.67</u>	<u>\$161,502.27</u>	<u>\$159,248.60</u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP, MARION COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Fire District Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Charges for Services	\$42,000.00	\$34,000.00	\$34,000.00	\$0.00
Miscellaneous	0.00	0.00	250.00	250.00
<i>Total receipts</i>	<u>42,000.00</u>	<u>34,000.00</u>	<u>34,250.00</u>	<u>250.00</u>
<b>Disbursements</b>				
Current:				
Public Safety	104,000.00	104,000.00	33,636.28	70,363.72
Capital Outlay	23,000.00	15,000.00	0.00	15,000.00
<i>Total Disbursements</i>	<u>127,000.00</u>	<u>119,000.00</u>	<u>33,636.28</u>	<u>85,363.72</u>
<i>Net Change in Fund Balance</i>	(85,000.00)	(85,000.00)	613.72	85,613.72
<i>Fund Balance Beginning of Year</i>	<u>88,016.28</u>	<u>88,016.28</u>	<u>88,016.28</u>	<u>0.00</u>
<i>Fund Balance End of Year</i>	<u>\$3,016.28</u>	<u>\$3,016.28</u>	<u>\$88,630.00</u>	<u>\$85,613.72</u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP, MARION COUNTY**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Special Levy Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$37,008.00	\$37,008.00	\$35,623.90	(\$1,384.10)
Intergovernmental	1,000.00	1,000.00	1,866.18	866.18
Miscellaneous	286.00	286.00	2,776.79	2,490.79
<i>Total receipts</i>	<u>38,294.00</u>	<u>38,294.00</u>	<u>40,266.87</u>	<u>1,972.87</u>
<b>Disbursements</b>				
Current:				
Public Safety	40,000.00	40,000.00	11,255.51	28,744.49
Capital Outlay	37,000.00	37,000.00	0.00	37,000.00
<i>Total Disbursements</i>	<u>77,000.00</u>	<u>77,000.00</u>	<u>11,255.51</u>	<u>65,744.49</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(38,706.00)</u>	<u>(38,706.00)</u>	<u>29,011.36</u>	<u>67,717.36</u>
<b>Other Financing Uses</b>				
Transfers Out	(26,055.00)	(26,055.00)	(26,055.00)	0.00
<i>Net Change in Fund Balance</i>	(64,761.00)	(64,761.00)	2,956.36	67,717.36
<i>Fund Balance Beginning of Year</i>	<u>67,662.83</u>	<u>67,662.83</u>	<u>67,662.83</u>	<u>0.00</u>
<i>Fund Balance End of Year</i>	<u>\$2,901.83</u>	<u>\$2,901.83</u>	<u>\$70,619.19</u>	<u>\$67,717.36</u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP  
MARION COUNTY**

**NOES TO THE BASIC FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND DECEMBER 31, 2006**

**Note 1- Reporting Entity**

Salt Rock Township, Marion County, Ohio, ( the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three member Board of Trustees. The Township also has an elected Township Fiscal Officer.

A. Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, and fire protection. The Township also contracts with Stofcheck Ambulance Service Inc. to provide ambulance services.

B. Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Notes 7 to the basic financial statements provide additional information for this entity. This organization is:

Public Entity Risk Pool:

The Ohio Township Association Risk Management Authority (OTARMA) is a risk sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

**SALT ROCK TOWNSHIP  
MARION COUNTY**

**NOES TO THE BASIC FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

A. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The statement of net assets presents the cash balance of governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are all governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the following:

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Gasoline Tax Fund – The Gasoline Tax Fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Fire District Fund – The Fire District Fund receives tax money to pay for fire protection for the Township and also from neighboring townships that contract for fire protection.

Special Levy Fund – The Special Levy Fund receives primarily from tax monies and is primarily used to purchase fire equipment and property and liability insurance for the Fire Department.

**SALT ROCK TOWNSHIP  
MARION COUNTY**

**NOES TO THE BASIC FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

B. Fund Accounting (Continued)

Governmental Funds (Continued)

Debt Service – The Debt Service fund receives funds via transfer from the Special Levy Fund for the annual payment of the Township's fire truck.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note:

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**SALT ROCK TOWNSHIP  
MARION COUNTY**

**NOES TO THE BASIC FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

During 2007, the Township invested in nonnegotiable certificates of deposit and STAR Ohio. The nonnegotiable certificates of deposit are reported as cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007 and 2006.

Interest earnings are allocated to Township funds according to State statues, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$ 6,222.20. Interest receipts credited to the General Fund during 2006 were \$5,787.98.

F. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for long-term obligations. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for constructing, maintaining, and repairing Township roads and bridges and fire protection. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**SALT ROCK TOWNSHIP  
MARION COUNTY**

**NOES TO THE BASIC FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(Continued)**

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and all major Special Revenue funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. Since encumbrances outstanding at year-end are cancelled and re-appropriated in the succeeding year there is essentially no difference between cash and budget basis reporting.

**Note 4 – Deposits and Investments**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**SALT ROCK TOWNSHIP  
MARION COUNTY**

**NOES TO THE BASIC FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(Continued)**

**Note 4 – Deposits and Investments (Continued)**

7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by eligible securities pledged by the financial institution as security for repayment.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, \$332,762 of the Township's bank balance of \$432,762 was exposed to custodial credit risk while at December 31, 2006, \$283,962 of the Township's bank balance of \$383,962 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

At December 31, 2007 and 2006, the Township had investments in STAR Ohio totaling \$144,995 and \$152,482, respectively, as well as \$1,000 in a fund-specific certificate of deposit. STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**Note 5 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007 on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

**SALT ROCK TOWNSHIP  
MARION COUNTY**

**NOES TO THE BASIC FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(Continued)**

**Note 5 – Property Taxes (Continued)**

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien on December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the year ended December 31, 2007, was \$5.10 per \$1,000 of assessed value for 2007. The assessed values of real and personal property upon which 2007 property tax receipts were based are as follows:

Real Property	\$12,050,870
Public Utility Property	1,755,050
Tangible Personal Property	566,110
Total Assessed Values	\$14,372,030

**Note 6- Capital Lease**

On June 3, 2002, the Township entered into a lease/purchase agreement with North Country Financial Group, Inc. for the purpose of obtaining a fire truck and related equipment. The lease amount was \$195,158 at an interest rate of 5.63171% for a term of 10 years. The initial payment was due June 3, 2003 with subsequent payments due on June 3rd of each year and a final maturity date of June 3, 2012. Capital lease obligations will be paid out of the Township's Special Levy Fund.

An amortization of the capital lease, including interest payments of \$37,413 is as follows:

Year Ending December 31:	Capital Lease
2008	26,055
2009	26,055
2010	26,055
2011	26,055
2012	<u>26,055</u>
Total	<u>\$130,275</u>

**SALT ROCK TOWNSHIP  
MARION COUNTY**

**NOES TO THE BASIC FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(Continued)**

**Note 7 - Risk Management**

The Township is exposed to various risk of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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 insurance 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 member's deductibles.

Casualty Coverage

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

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

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

**SALT ROCK TOWNSHIP  
MARION COUNTY**

**NOES TO THE BASIC FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(Continued)**

**Note 7 - Risk Management (Continued)**

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006.

<u>Casualty Coverage</u>	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	(13,357,837)	(12,120,661)
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$7,442. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA 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 OTARMA for each year of membership.

<b><u>Contributions to OTARMA</u></b>	
2005	\$9,900
2006	\$9,092
2007	\$7,917

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

**SALT ROCK TOWNSHIP  
MARION COUNTY**

**NOES TO THE BASIC FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(Continued)**

**Note 8 - Defined Benefit Pension Plan**

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Plan is a cost-sharing, multiple-employer defined pension plan. The Member-Direct Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined pension plan that has elements of both a defined benefit and defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

The members of all three plans were required to contribute 9.5 percent in 2007 and 9 percent in 2006 of their annual salary. The Township's contribution rate for pension benefits for 2007 and 2006 were 13.85 and 13.7 percent respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for years ended December 31, 2007, 2006, and 2005 were \$9,015, \$7,288, and \$3,974 respectively; the full amount has been contributed for 2007, 2006, and 2005.

**Note 9 - Postemployment Benefits**

A. Ohio Public Employees Retirement System

The Ohio Public Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for post retirement health care coverage. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to the traditional or combined plan is set aside for the funding of post retirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5 percent of covered payroll was the portion that was used to fund health care from January 1 through June 30, 2007 and 6 percent of covered payroll was the portion that was used to fund health care from July 1 through December 31, 2007.

**SALT ROCK TOWNSHIP  
MARION COUNTY**

**NOES TO THE BASIC FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(Continued)**

**Note 9 - Postemployment Benefits (Continued)**

A. Ohio Public Employees Retirement System (Continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .5 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$3,530. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

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# 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*

Salt Rock Township  
Marion County  
5764 Morral-Kirkpatrick Road West  
Morral, Ohio 43337

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Salt Rock Township, Marion County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 25, 2008, wherein we noted 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. 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclosed all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above as finding number 2007-001 is also a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated August 25, 2008.

We intend this report solely for the information and use of the management and the Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

August 25, 2008

**SALT ROCK TOWNSHIP  
MARION COUNTY**

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

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

**FINDING NUMBER 2007-001**

**Significant Deficiency/Material Weakness  
Financial Reporting**

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments were made to the December 31, 2007 financial statements and the Township's accounting records:

Adjustment of \$7,300 in the Debt Service and Governmental Activities for interest payments recorded as Principal Retirement.

Adjustment of \$26,055 to Debt Service to record major fund activity presented in RFI, increasing transfers-in and disbursements out in the Debt Service Fund.

Adjustment of \$26,055 to RFI to move major fund activity out of RFI, decreasing transfers-in and disbursements out in RFI.

The following adjustments/reclassifications were inconsequential to the overall financial statements of the Township and were not posted to the December 31, 2007 financial statements:

Adjustment of \$217 in governmental activities from program revenues charges for service – other to program revenue charges for service – general government to match program revenues with corresponding expenses.

Adjustment of \$1,922 to the Special Levy Fund and governmental activities decreasing property and local taxes posted to remove intergovernmental receipts that were not posted correctly.

The following audit adjustments were made to the December 31, 2006 financial statements and the Township's accounting records:

Adjustment of \$8,300 in Debt Service and Governmental Activities to record interest posted as principal retirement.

Adjustment of \$6,254 to Governmental Activities to reclassify the amount from General Receipts – Other Taxes to General Receipts – Grants & Entitlements.

Adjustment of \$26,055 to Debt Service to record major fund activity presented in RFI, increasing transfers-in and disbursements out in the Debt Service Fund.

Adjustment of \$26,055 to RFI to move major fund activity out of RFI, decreasing transfers-in and disbursements out in RFI.

**SALT ROCK TOWNSHIP  
MARION COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

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

**FINDING NUMBER 2007-001 (Continued)**

**Significant Deficiency/Material Weakness  
Financial Reporting (Continued)**

The following adjustments/reclassifications were inconsequential to the overall financial statements of the Township and were not posted to the December 31, 2006 financial statements:

Adjustment of \$327 in governmental activities from program revenue charges for service – other to program revenues charges for service – general government to match program revenues with corresponding expenses.

The adjustments and reclassifications identified above should be reviewed by the Fiscal Officer and Township Trustees to ensure that similar errors are not reported on financial statements in subsequent years. In addition, the Township should develop procedures for the periodic review of the activity posted to the accounting records, as well as, for the review of the financial statement information to ensure it accurately reflects the Township's activity.

We did not receive a response from officials to this finding.



**Mary Taylor, CPA**  
Auditor of State

**SALT ROCK TOWNSHIP**

**MARION 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 2, 2008**