



Dave Yost • Auditor of State

**SALT ROCK TOWNSHIP
MARION COUNTY**

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MARION COUNTY**

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Dave Yost • 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, 2011 and 2010, 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(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

Financial information of the Morral-Salt Rock Township Volunteer Fire Department (the Fire Department), a discretely presented component unit, is disclosed in Note 12. However, accounting principles generally accepted in the United States of America require the financial data for the Fire Department to be reported in the basic financial statements as a discretely presented component unit of the Township. We were not engaged to audit the Fire Department's information presented in Note 12, and accordingly our opinion does not extend to Note 12.

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, because of the omission of the Fire Department's financial statements, as discussed above, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of Salt Rock Township, Marion County, Ohio, as of December 31, 2011 and 2010, and the changes in its financial position thereof for the years then ended in conformity with the cash accounting basis Note 2 describes.

In addition, 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, 2011 and 2010, and the respective changes in cash financial position, thereof 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 accounting basis Note 2 describes.

As described in Note 3, during 2010 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2012, 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.

We conducted our audit to opine on the Township's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

October 22, 2012

**SALT ROCK TOWNSHIP
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
UNAUDITED**

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, 2011 and December 31, 2010, 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 2011 are as follows:

Net assets of governmental activities increased \$29,767, 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 receipts are primarily property and gasoline tax income. These receipts each represent 28 percent of the total cash received for governmental activities during the year. Gasoline tax receipts for 2011 changed very little compared to 2010 as the cost of gasoline at the pumps still remains high, and property taxes have increased significantly from 2010 due to the passage of a new levy.

Key highlights for 2010 are as follows:

Net assets of governmental activities decreased \$23,877. The fund most affected by the decrease in cash and cash equivalents was the Gasoline Tax Fund.

The Township's receipts are primarily property and gasoline tax income. These receipts represent respectively 26 and 38 percent of the total cash received for governmental activities during the year. Gasoline tax receipts for 2010 changed very little compared to 2009 as the cost of gasoline at the pumps still remains high. Property taxes have remained fairly consistent 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, 2011 AND 2010
UNAUDITED
(Continued)**

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 2011 and 2010, 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 and 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 funds of the Township are governmental funds.

**SALT ROCK TOWNSHIP
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
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 2011 and 2010 the Township's major governmental funds are the General, Gasoline Tax, Fire District, Special Levy and Debt Service funds.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2011 compared to 2010 and 2010 compared to 2009 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		
	2011	2010	2009
Assets			
Cash and Cash Equivalents	\$636,650	\$606,883	\$630,760
Total Assets	\$636,650	\$606,883	\$630,760
Net Assets			
Restricted for:			
Expendable	\$555	\$552	\$530
Non Expendable	1,000	1,000	1,000
Other Purposes	558,470	513,180	511,176
Unrestricted	76,625	92,151	118,054
Total Net Assets	\$636,650	\$606,883	\$630,760

As mentioned previously, net assets of governmental activities increased \$29,767 during 2011 and decreased \$23,877 during 2010. The primary reasons contributing to the changes in cash balances are as follows:

Gasoline tax money has changed very little over both 2011 and 2010 and property taxes increased in the General Fund for 2011 due to an additional levy being passed by the Township. Gasoline Tax Fund expenditures increased for 2010 due to a road paving project.

**SALT ROCK TOWNSHIP
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets on a cash basis in 2011 to 2010 and 2010 to 2009 for governmental activities and total primary government.

(Table 2)

Changes in Net Assets

	Governmental Activities		
	2011	2010	2009
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$46,062	\$46,023	\$46,080
Operating Grants and Contributions	92,360	94,264	93,065
Total Program Receipts	138,422	140,287	139,145
General Receipts:			
Property and Other Local Taxes	85,586	61,040	63,513
Grants and Entitlements Not Restricted to Specific Programs	13,076	27,330	14,827
Interest	391	1,684	3,399
Other Debt Proceeds	62,273	0	0
Miscellaneous	7,621	3,766	108
Total General Receipts	168,947	93,820	81,847
Total Receipts	307,369	234,107	220,992
Disbursements:			
General Government	70,423	71,733	70,068
Public Safety	35,495	34,422	35,735
Public Works	69,294	122,467	58,604
Health	3,937	3,307	3,958
Capital Outlay	62,273	0	0
Debt Service:			
Principal Retirement	32,732	22,106	20,927
Interest and Fiscal Charges	3,448	3,949	5,128
Total Disbursements	277,602	257,984	194,420
Increase (Decrease) in Net Assets	29,767	(23,877)	26,572
Net Assets, January 1	606,883	630,760	604,188
Net Assets, December 31	\$636,650	\$606,883	\$630,760

Program receipts represent 45 and 60 percent of total receipts for 2011 and 2010, respectively, 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 Township and Grand Prairie Township under contract.

**SALT ROCK TOWNSHIP
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
UNAUDITED
(Continued)**

General receipts represent 55 percent of the Township's total receipts in 2011 and 40 percent in 2010, and of this amount, 51 percent are Property and Other Local Taxes in 2011 and 65 percent in 2010. Other Debt Proceeds received in 2011 for the purchase of a new fire truck represent 37% of general receipts. State and federal grants and entitlements make up 7 and 29 percent of the Township's general receipts in 2011 and 2010. Miscellaneous receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the 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.

Governmental Activities

If you look at the Statement of Activities for 2011 and 2010, 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 each account for 25 percent of all governmental disbursements, for 2011 and 28 and 47 percent, respectively, for 2010. 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)

	Governmental Activities					
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2011	2011	2010	2010	2009	2009
General Government	\$70,423	(\$70,423)	\$71,733	(\$71,733)	\$70,068	(\$70,068)
Public Safety	35,495	10,505	34,422	11,578	35,735	10,265
Public Health Services	3,937	(3,937)	3,307	(3,307)	3,958	(3,958)
Public Works	69,294	23,066	122,467	(28,203)	58,604	34,461
Other	0	62	0	23	0	80
Capital Outlay	62,273	(62,273)	0	0	0	0
Principal Retirement	32,732	(32,732)	22,106	(22,106)	20,927	(20,927)
Interest and Fiscal Charges	3,448	(3,448)	3,949	(3,949)	5,128	(5,128)
Total Expenses	\$277,602	(\$139,180)	\$257,984	(\$117,697)	\$194,420	(\$55,275)

The dependence upon property tax receipts is shown in the table above as over 50% for 2011 and 46% for 2010 of governmental activities are supported through these general receipts.

**SALT ROCK TOWNSHIP
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
UNAUDITED
(Continued)**

The Township's Funds

Total governmental funds had receipts and other financing sources of \$343,549 in 2011 and \$260,162 in 2010 and disbursements and other financing uses of \$313,782 in 2011 and \$284,039 in 2010. The greatest change within governmental funds occurred within the Gasoline Tax Fund. The fund balance of the Gasoline Tax Fund increased \$22,452 in 2011 as the result of expenditures not exceeding the gasoline tax intergovernmental receipts. The fund balance of the Gasoline Tax Fund decreased \$31,660 in 2010 as the result of expenditures exceeding the gasoline tax intergovernmental receipts due to a road paving project.

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 fund is the General Fund. The Township did not amend its General Fund budget in 2011 or 2010.

Debt Administration

Debt

At December 31, 2011, the Township's outstanding debt was \$77,724 which includes debt service obligations issued for the purchase of a new fire truck and new tanker/pumper. For further information regarding the Township's debt, refer to Note 7 to the basic financial statements.

Current Issues

The challenge for all Townships 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. We have made 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. We expect to spend more for road maintenance and repair due to the increase in cost of labor and materials.

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, 2011**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 636,650
<i>Total Assets</i>	<u><u>\$ 636,650</u></u>
Net Assets	
Restricted for:	
Permanent Fund: Cemetery Maintenance	
Expendable	\$ 555
Nonexpendable	1,000
Other Purposes	558,470
Unrestricted	76,625
<i>Total Net Assets</i>	<u><u>\$ 636,650</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, 2011**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
General Government	\$ 70,423	\$ -	\$ -	(70,423)
Public Safety	35,495	46,000	-	10,505
Public Works	69,294	-	92,360	23,066
Health	3,937	-	-	(3,937)
Other	-	62	-	62
Capital Outlay	62,273	-	-	(62,273)
Debt Service:				
Principal Retirement	32,732	-	-	(32,732)
Interest and Fiscal Charges	3,448	-	-	(3,448)
Total Governmental Activities	\$ 277,602	\$ 46,062	\$ 92,360	(139,180)
 General Receipts				
Property Taxes Levied for:				
General Purposes				54,467
Other Purposes				31,119
Grants and Entitlements not Restricted to Specific Programs				13,076
Earnings on Investments				391
Miscellaneous				7,621
Other Debt Proceeds				62,273
Total General Receipts				168,947
Change in Net Assets				29,767
<i>Net Assets Beginning of Year</i>				<u>606,883</u>
<i>Net Assets End of Year</i>				<u><u>\$ 636,650</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, 2011**

	GENERAL	GASOLINE TAX	FIRE DISTRICT	SPECIAL LEVY	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 76,625	\$ 234,315	\$ 157,942	\$ 109,360	\$ -	\$ 58,408	\$ 636,650
<i>Total Assets</i>	<u>\$ 76,625</u>	<u>\$ 234,315</u>	<u>\$ 157,942</u>	<u>\$ 109,360</u>	<u>\$ -</u>	<u>\$ 58,408</u>	<u>\$ 636,650</u>
Fund Cash Balance, December 31							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000
Restricted	-	234,315	157,942	109,360	-	57,408	559,025
Unassigned (Deficit)	76,625	-	-	-	-	-	76,625
<i>Fund Cash Balance, December 31</i>	<u>\$ 76,625</u>	<u>\$ 234,315</u>	<u>\$ 157,942</u>	<u>\$ 109,360</u>	<u>\$ -</u>	<u>\$ 58,408</u>	<u>\$ 636,650</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, 2011**

	GENERAL	GASOLINE TAX	FIRE DISTRICT	SPECIAL LEVY	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts							
Property and Other Local Taxes	\$ 43,748	\$ -	\$ -	\$ 31,118	\$ -	\$ -	\$ 74,866
Charges for Services	-	-	46,000	-	-	-	46,000
Licenses, Permits and Fees	62	-	-	-	-	-	62
Intergovernmental	15,661	86,003	-	8,135	-	6,358	116,157
Earnings on Investments	196	158	-	-	-	36	390
Miscellaneous	3	3,500	4,118	-	-	-	7,621
Total Receipts	59,670	89,661	50,118	39,253	-	6,394	245,096
Disbursements							
Current:							
General Government	70,423	-	-	-	-	-	70,423
Public Safety	836	-	33,933	726	-	-	35,495
Public Works	-	67,209	-	-	-	2,085	69,294
Health	3,937	-	-	-	-	-	3,937
Capital Outlay	-	-	-	62,273	-	-	62,273
Debt Service:							
Principal Retirement	-	-	-	-	32,732	-	32,732
Interest and Fiscal Charges	-	-	-	-	3,448	-	3,448
Total Disbursements	75,196	67,209	33,933	62,999	36,180	2,085	277,602
Excess of Receipts Over (Under) Disbursements	(15,526)	22,452	16,185	(23,746)	(36,180)	4,309	(32,506)
Other Financing Sources (Uses)							
Transfers In	-	-	-	-	36,180	-	36,180
Transfers Out	-	-	-	(36,180)	-	-	(36,180)
Other Debt Proceeds	-	-	-	62,273	-	-	62,273
Total Other Financing Sources (Uses)	-	-	-	26,093	36,180	-	62,273
Net Change in Fund Balances	(15,526)	22,452	16,185	2,347	-	4,309	29,767
Fund Balances Beginning of Year	92,151	211,863	141,757	107,013	-	54,099	606,883
Fund Balances End of Year	\$ 76,625	\$ 234,315	\$ 157,942	\$ 109,360	\$ -	\$ 58,408	\$ 636,650

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>			Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 49,152	\$ 49,152	\$ 43,748	\$ (5,404)
Licenses, Permits and Fees	-	-	62	62
Intergovernmental	8,491	8,491	15,661	7,170
Earnings on Investments	700	700	196	(504)
Miscellaneous	50	50	3	(47)
<i>Total receipts</i>	<u>58,393</u>	<u>58,393</u>	<u>59,670</u>	<u>1,277</u>
Disbursements				
Current:				
General Government	85,991	85,591	70,423	15,168
Public Safety	1,200	1,600	836	764
Health	4,800	4,800	3,937	863
Capital Outlay	62,000	62,000	-	62,000
<i>Total Disbursements</i>	<u>153,991</u>	<u>153,991</u>	<u>75,196</u>	<u>78,795</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(95,598)	(95,598)	(15,526)	80,072
<i>Cash Balance Beginning of Year</i>	92,151	92,151	92,151	-
<i>Cash Balance End of Year</i>	<u>\$ (3,447)</u>	<u>\$ (3,447)</u>	<u>\$ 76,625</u>	<u>\$ 80,072</u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>			Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$ 86,000	\$ 86,000	\$ 86,003	\$ 3
Earnings on Investments	500	500	158	(342)
Miscellaneous	-	-	3,500	3,500
<i>Total receipts</i>	<u>86,500</u>	<u>86,500</u>	<u>89,661</u>	<u>3,161</u>
Disbursements				
Current:				
Public Works	266,000	266,000	67,209	198,791
Capital Outlay	30,000	30,000	-	30,000
<i>Total Disbursements</i>	<u>296,000</u>	<u>296,000</u>	<u>67,209</u>	<u>228,791</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(209,500)	(209,500)	22,452	231,952
<i>Cash Balance Beginning of Year</i>	<u>211,863</u>	<u>211,863</u>	<u>211,863</u>	<u>-</u>
<i>Cash Balance End of Year</i>	<u>\$ 2,363</u>	<u>\$ 2,363</u>	<u>\$ 234,315</u>	<u>\$ 231,952</u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>			Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Charges for Services	\$ 46,000	\$ 46,000	\$ 46,000	\$ -
Miscellaneous	-	-	4,118	4,118
<i>Total receipts</i>	<u>46,000</u>	<u>46,000</u>	<u>50,118</u>	<u>4,118</u>
Disbursements				
Current:				
Public Safety	158,000	158,000	33,933	124,067
Capital Outlay	27,000	27,000	-	27,000
<i>Total Disbursements</i>	<u>185,000</u>	<u>185,000</u>	<u>33,933</u>	<u>151,067</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(139,000)	(139,000)	16,185	155,185
<i>Cash Balance Beginning of Year</i>	<u>141,757</u>	<u>141,757</u>	<u>141,757</u>	<u>-</u>
<i>Cash Balance End of Year</i>	<u>\$ 2,757</u>	<u>\$ 2,757</u>	<u>\$ 157,942</u>	<u>\$ 155,185</u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
SPECIAL LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 35,127	\$ 35,127	\$ 31,118	\$ (4,009)
Intergovernmental	3,000	3,000	8,135	5,135
<i>Total receipts</i>	<u>38,127</u>	<u>38,127</u>	<u>39,253</u>	<u>1,126</u>
Disbursements				
Current:				
Public Safety	77,000	77,000	726	76,274
Capital Outlay	86,673	86,673	62,273	24,400
<i>Total Disbursements</i>	<u>163,673</u>	<u>163,673</u>	<u>62,999</u>	<u>100,674</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(125,546)</u>	<u>(125,546)</u>	<u>(23,746)</u>	<u>101,800</u>
Other Financing Sources (Uses)				
Transfers Out	(36,213)	(36,213)	(36,180)	33
Other Debt Proceeds	62,273	62,273	62,273	-
<i>Total Other Financing Sources (Uses)</i>	<u>26,060</u>	<u>26,060</u>	<u>26,093</u>	<u>33</u>
<i>Net Change in Fund Balance</i>	(99,486)	(99,486)	2,347	101,833
<i>Cash Balance Beginning of Year</i>	<u>107,013</u>	<u>107,013</u>	<u>107,013</u>	<u>-</u>
<i>Cash Balance End of Year</i>	<u>\$ 7,527</u>	<u>\$ 7,527</u>	<u>\$ 109,360</u>	<u>\$ 101,833</u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP
MARION COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2010**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 606,883
<i>Total Assets</i>	<u>\$ 606,883</u>
Net Assets	
Restricted for:	
Permanent Fund: Cemetery Maintenance	
Expendable	\$ 552
Nonexpendable	1,000
Other Purposes	513,180
Unrestricted	92,151
<i>Total Net Assets</i>	<u>\$ 606,883</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, 2010**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 71,733	\$ -	\$ -	(71,733)
Public Safety	34,422	46,000	-	11,578
Public Works	122,467	-	94,264	(28,203)
Health	3,307	-	-	(3,307)
Other	-	23	-	23
Debt Service:				
Principal	22,106	-	-	(22,106)
Interest	3,949	-	-	(3,949)
Total Governmental Activities	\$ 257,984	\$ 46,023	\$ 94,264	(117,697)
General Receipts				
Property Taxes Levied for:				
General Purposes				30,723
Other Purposes				30,317
Grants and Entitlements not Restricted to Specific Programs				27,330
Earnings on Investments				1,684
Miscellaneous				3,766
Total General Receipts				93,820
Change in Net Assets				(23,877)
Net Assets Beginning of Year				630,760
Net Assets End of Year				\$ 606,883

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, 2010**

	GENERAL	GASOLINE TAX	FIRE DISTRICT	SPECIAL LEVY	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 92,151	\$ 211,863	\$ 141,757	\$ 107,013	\$ -	\$ 54,099	\$ 606,883
<i>Total Assets</i>	<u>\$ 92,151</u>	<u>\$ 211,863</u>	<u>\$ 141,757</u>	<u>\$ 107,013</u>	<u>\$ -</u>	<u>\$ 54,099</u>	<u>\$ 606,883</u>
Fund Balances							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	1,000	\$ 1,000
Restricted	-	211,863	141,757	107,013	-	53,099	513,732
Unassigned	92,151	-	-	-	-	-	92,151
<i>Total Fund Balances</i>	<u>\$ 92,151</u>	<u>\$ 211,863</u>	<u>\$ 141,757</u>	<u>\$ 107,013</u>	<u>\$ -</u>	<u>\$ 54,099</u>	<u>\$ 606,883</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, 2010**

	GENERAL	GASOLINE TAX	FIRE DISTRICT	SPECIAL LEVY	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts							
Property and Other Local Taxes	\$ 22,485	\$ -	\$ -	\$ 30,317	\$ -	\$ -	\$ 52,802
Charges for Services	-	-	46,000	-	-	-	46,000
Licenses, Permits and Fees	23	-	-	-	-	-	23
Intergovernmental	25,407	87,941	-	10,161	-	6,324	129,833
Earnings on Investments	791	722	-	-	-	170	1,683
Miscellaneous	641	-	3,125	-	-	-	3,766
Total Receipts	49,347	88,663	49,125	40,478	-	6,494	234,107
Disbursements							
Current:							
General Government	71,733	-	-	-	-	-	71,733
Public Safety	210	-	33,462	750	-	-	34,422
Public Works	-	120,323	-	-	-	2,144	122,467
Health	3,307	-	-	-	-	-	3,307
Debt Service:							
Principal Retirement	-	-	-	-	22,106	-	22,106
Interest and Fiscal Charges	-	-	-	-	3,949	-	3,949
Total Disbursements	75,250	120,323	33,462	750	26,055	2,144	257,984
Excess of Receipts Over (Under) Disbursements	(25,903)	(31,660)	15,663	39,728	(26,055)	4,350	(23,877)
Other Financing Sources (Uses)							
Transfers In	-	-	-	-	26,055	-	26,055
Transfers Out	-	-	-	(26,055)	-	-	(26,055)
Total Other Financing Sources (Uses)	-	-	-	(26,055)	26,055	-	-
Net Change in Fund Balances	(25,903)	(31,660)	15,663	13,673	-	4,350	(23,877)
Fund Balances Beginning of Year	118,054	243,523	126,094	93,340	-	49,749	630,760
Fund Balances End of Year	\$ 92,151	\$ 211,863	\$ 141,757	\$ 107,013	\$ -	\$ 54,099	\$ 606,883

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 25,937	\$ 25,937	\$ 22,485	\$ (3,452)
Licenses, Permits and Fees	-	-	23	23
Intergovernmental	22,568	22,568	25,407	2,839
Earnings on Investments	1,500	1,500	791	(709)
Miscellaneous	50	50	641	591
<i>Total receipts</i>	<u>50,055</u>	<u>50,055</u>	<u>49,347</u>	<u>708</u>
Disbursements				
Current:				
General Government	119,140	119,140	71,733	47,407
Public Safety	7,500	7,500	210	7,290
Health	10,000	10,000	3,307	6,693
Capital Outlay	29,500	29,500	-	29,500
<i>Total Disbursements</i>	<u>166,140</u>	<u>166,140</u>	<u>75,250</u>	<u>90,890</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(116,085)	(116,085)	(25,903)	90,890
<i>Cash Balance Beginning of Year</i>	<u>118,054</u>	<u>118,054</u>	<u>118,054</u>	<u>-</u>
<i>Cash Balance End of Year</i>	<u>\$ 1,969</u>	<u>\$ 1,969</u>	<u>\$ 92,151</u>	<u>\$ 90,890</u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$ 85,000	\$ 85,000	\$ 87,941	\$ 2,941
Earnings on Investments	1,200	1,200	722	(478)
<i>Total receipts</i>	<u>86,200</u>	<u>86,200</u>	<u>88,663</u>	<u>2,463</u>
Disbursements				
Current:				
Public Works	247,500	296,500	120,323	176,177
Capital Outlay	80,000	31,000	-	31,000
<i>Total Disbursements</i>	<u>327,500</u>	<u>327,500</u>	<u>120,323</u>	<u>207,177</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(241,300)	(241,300)	(31,660)	209,640
<i>Cash Balance Beginning of Year</i>	<u>243,523</u>	<u>243,523</u>	<u>243,523</u>	<u>-</u>
<i>Cash Balance End of Year</i>	<u>\$ 2,223</u>	<u>\$ 2,223</u>	<u>\$ 211,863</u>	<u>\$ 209,640</u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Charges for Services	\$ 46,000	\$ 46,000	\$ 46,000	\$ -
Miscellaneous	-	-	3,125	3,125
<i>Total receipts</i>	<u>46,000</u>	<u>46,000</u>	<u>49,125</u>	<u>3,125</u>
Disbursements				
Current:				
Public Safety	146,000	146,000	33,462	112,538
Capital Outlay	24,000	24,000	-	24,000
<i>Total Disbursements</i>	<u>170,000</u>	<u>170,000</u>	<u>33,462</u>	<u>136,538</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(124,000)	(124,000)	15,663	139,663
<i>Cash Balance Beginning of Year</i>	<u>126,094</u>	<u>126,094</u>	<u>126,094</u>	<u>-</u>
<i>Cash Balance End of Year</i>	<u>\$ 2,094</u>	<u>\$ 2,094</u>	<u>\$ 141,757</u>	<u>\$ 139,663</u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
SPECIAL LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 34,881	\$ 34,881	\$ 30,317	\$ (4,564)
Intergovernmental	3,000	3,000	10,161	7,161
<i>Total receipts</i>	<u>37,881</u>	<u>37,881</u>	<u>40,478</u>	<u>2,597</u>
Disbursements				
Current:				
Public Safety	63,000	63,000	750	62,250
Capital Outlay	40,000	40,000	-	40,000
<i>Total Disbursements</i>	<u>103,000</u>	<u>103,000</u>	<u>750</u>	<u>102,250</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(65,119)</u>	<u>(65,119)</u>	<u>39,728</u>	<u>104,847</u>
Other Financing Sources (Uses)				
Transfers Out	(26,055)	(26,055)	(26,055)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(26,055)</u>	<u>(26,055)</u>	<u>(26,055)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(91,174)	(91,174)	13,673	104,847
<i>Cash Balance Beginning of Year</i>	<u>93,340</u>	<u>93,340</u>	<u>93,340</u>	<u>-</u>
<i>Cash Balance End of Year</i>	<u>\$ 2,166</u>	<u>\$ 2,166</u>	<u>\$ 107,013</u>	<u>\$ 104,847</u>

See accompanying notes to the basic financial statements

**SALT ROCK TOWNSHIP
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 1 – Reporting Entity

Salt Rock Township, Marion County, Ohio (the Township), is a body politic and corporate 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, and cemetery maintenance. The Township contracts with Big Island Township and Grand Prairie Township to provide fire protection. The Township also contracts with Stofcheck Ambulance Service Inc. to provide ambulance services.

B. Component Unit

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board; and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township.

The Morral-Salt Rock Township Volunteer Fire Department (the Fire Department) is governed by a three-member executive committee which, in association with the Township Trustees, oversees the operation of the Fire Department and is elected annually by the twenty-seven member body of the Fire Department. The Fire Department provides fire protection and rescue services for Salt Rock Township and by contract to areas outside of the Township. The Township owns the Fire Department's equipment and any debt associated with that equipment. Based on the relationship with the Township, the Fire Department is considered a component unit of the Township. Note 12 provides additional information for the Fire Department.

C. Public Entity Risk Pool

The Township participates in a public entity risk pool, the Ohio Township Association Risk Management Authority (OTARMA), which is a risk sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. Note 8 to the basic financial statements provides additional information for this entity.

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

**SALT ROCK TOWNSHIP
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, 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. 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.

The statement of net assets presents the cash balance of the 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 are 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.

**SALT ROCK TOWNSHIP
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Governmental Funds

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

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 charges for services from neighboring townships that contract for fire protection.

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

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

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. 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.

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 liabilities and the related expenses) 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 fund, department, and object level for all funds.

**SALT ROCK TOWNSHIP
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

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, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

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”.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2011 and 2010, the Township invested in nonnegotiable certificates of deposit and STAR Ohio. The nonnegotiable certificates of deposit are reported at 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.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2011 was \$196 and during 2010 was \$791.

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.

**SALT ROCK TOWNSHIP
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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 9 and 10, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

I. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. 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 is 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 grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for construction, reconstruction, resurfacing, maintenance and repair of Township roads and bridges as well as for maintenance of the Township cemetery. 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.

K. Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**SALT ROCK TOWNSHIP
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

K. Fund Balance (Continued)

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

L. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Accounting Principle

For 2011 and 2010, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 did not have an effect on fund balances previously reported.

Note 4 – 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 are 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.

**SALT ROCK TOWNSHIP
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 5 – 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 two 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;
7. The State Treasurer's investment pool (STAR Ohio).

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. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**SALT ROCK TOWNSHIP
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 5 – Deposits and Investments (Continued)

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, 2011, \$274,868 of the Township's bank balance of \$524,868 and at December 31, 2010, \$202,631 of the Township's bank balance of \$452,631 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, 2011 and 2010, the Township had investments in STAR Ohio totaling \$127,062 and \$156,990, 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 6 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes, and property tax revenue received during 2010 for real and public utility property taxes represents collections of 2009 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

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

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes.

**SALT ROCK TOWNSHIP
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 6 – Property Taxes (Continued)

The full tax rate for all Township operations for the year ended December 31, 2011, was \$5.10 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 property tax receipts were based are as follows:

Real Property	
Residential	\$7,178,700
Agriculture	\$7,593,480
Commercial/Industrial/Mineral	\$707,810
Public Utility Personal Property	
Real	45,800
Personal	556,670
Total	\$16,082,460

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 7- Debt

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Truck Lease/Purchase	\$24,666	5.63%
Fire Tanker Notes	53,058	3.89%
Total	\$77,724	

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 5.63% 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. The Township's final payment is due in 2012 totaling \$26,055, including interest of \$1,389.

On January 28, 2011, the Township entered into a loan agreement with Commercial Savings Bank for the purpose of obtaining a fire tanker. The loan amount was \$62,273 at an interest rate of 3.89% for a term of 7 years. The initial payment was due June 28, 2011 with subsequent payments due on June 28th of each year and a final maturity date of June 28, 2017. Loan obligations will be paid out of the Township's Special Levy Fund.

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

Year ending December 31:	<u>Fire Truck</u>	<u>Fire Tanker</u>
2012	\$26,055	\$10,125
2013		10,125
2014		10,125
2015		10,125
2016		10,125
2017-2021		10,125
Total	\$26,055	\$60,750

**SALT ROCK TOWNSHIP
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 8 – Risk Management

The Township is exposed to various risks 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 coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

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, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Assets	\$35,086,165	\$35,855,252
Liabilities	<u>(9,718,792)</u>	<u>(10,664,724)</u>
Net Assets	<u>\$25,367,373</u>	<u>\$25,190,528</u>

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$9.1 and \$9.9 million of estimated incurred claims payable. The assets above also include approximately \$8.6 and \$9.5 million of unpaid claims to be billed to approximately 938 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Township's share of these unpaid claims collectible in future years is approximately \$8,120.

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.

**SALT ROCK TOWNSHIP
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 8 – Risk Management (Continued)

<u>Contributions to OTARMA</u>	
<u>2011</u>	<u>2010</u>
\$8,815	\$8,157

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 9 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description – The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed 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 benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions and 12 percent for law enforcement and public safety members. For the years ended December 31, 2011 and 2010, members in the state and local divisions contributed 10 percent of covered payroll.

The Township's 2011 and 2010 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010 (the latest information available). Employer contribution rates are actuarially determined.

**SALT ROCK TOWNSHIP
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 9 – Defined Benefit Pension Plan (Continued)

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$7,052, \$7,059, and \$7,011, respectively; 100 percent has been contributed for 2011, 2010 and 2009. No contributions were made to the Member-Directed Plan by the Township or by plan members for 2011 and 2010.

Note 10 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

A. Ohio Public Employees Retirement System (Continued)

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which 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.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010 (the latest information available), state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

**SALT ROCK TOWNSHIP
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 10 - Postemployment Benefits (Continued)

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$353, \$353, and \$351, respectively; 100 percent has been contributed for 2011, 2010, and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

Note 11 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented below:

2011 Fund Balances	General	Gasoline Tax	Fire District	Special Levy	Other Governmental Funds	Total
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000
Restricted for Other Purposes	-	234,315	157,942	109,360	57,408	559,025
Unrestricted	76,625	-	-	-	-	76,625
Total	<u>\$ 76,625</u>	<u>\$ 234,315</u>	<u>\$ 157,942</u>	<u>\$ 109,360</u>	<u>\$ 58,408</u>	<u>\$ 636,650</u>

2010 Fund Balances	General	Gasoline Tax	Fire District	Special Levy	Other Governmental Funds	Total
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000
Restricted for Other Purposes	-	211,863	141,757	107,013	53,099	513,732
Unrestricted	92,151	-	-	-	-	92,151
Total	<u>\$ 92,151</u>	<u>\$ 211,863</u>	<u>\$ 141,757</u>	<u>\$ 107,013</u>	<u>\$ 54,099</u>	<u>\$ 606,883</u>

**SALT ROCK TOWNSHIP
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 12 – Morral-Salt Rock Township Volunteer Fire Department

As indicated in Note 1 to the basic financial statements, the following disclosure is made on behalf of the Morral-Salt Rock Township Volunteer Fire Department (the Fire Department):

The Fire Department is governed by an executive committee that, in association with the Township Trustees, oversees the operation of the Fire Department. The Fire Department receives various operational subsidies from the Township. However, the Fire Department also receives various state FEMA grants and private donations directly from grantors and donors, respectively, which do not flow through the Township's financial accounting system. In 2011, activity of the Fire Department that was not accounted for in the Township's financial ledgers included receipts totaling \$230,722 from grants, donations, and interest as well as expenses of \$219,347, leaving an ending fund balance of \$12,649. In 2010, the activity of the Fire Department that was not accounted for in the Township's financial ledgers included receipts totaling \$13,343 in grants, donations, and interest, as well as expenses of \$14,867, resulting in an ending fund balance of \$1,274.



Dave Yost • Auditor of State

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

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, 2011 and 2010, which collectively comprise the Township's basic financial statements and have issued our report thereon dated October 22, 2012, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We qualified our report due to the omission of the Township's discretely presented component unit, Morral-Salt Rock Township Volunteer Fire Department, financial statements. We also noted the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We further noted 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 Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Section 117.11 (A) mandates 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-001 and 2011-002 described in the accompanying schedule of findings to be material weaknesses.

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 also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 22, 2012.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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



Dave Yost
Auditor of State

October 22, 2012

**SALT ROCK TOWNSHIP
MARION COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-001

**Material Weakness
Financial Reporting**

Sound financial reporting is the responsibility of the Fiscal Officer and 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, 2011 financial statements and the Township's accounting records:

- Adjustment of \$3,717 to move Special Levy fund receipts out of the General Fund. The adjustment impacted ending cash fund balance and intergovernmental receipts.
- Adjustments of \$58,937 to move the non-major Motor Vehicle License Tax fund activity to be included in Other Governmental Funds on the financial statements. These adjustments impacted beginning fund balances, earnings on investments, intergovernmental receipts, public works disbursements, and equity in pooled cash and cash equivalents.

The following audit adjustment was made to the December 31, 2010 financial statements and the Township's accounting records:

- Adjustment of \$5,446 to move Special Levy fund receipts out of the General Fund. The adjustment impacted ending cash fund balance and intergovernmental receipts.

The adjustments 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.

Officials' Response:

The adjustments were made through UAN on October 29, 2012, per compliance with 2010-2011 audit findings. A copy of the adjustment report has been filed with the State Auditor's Office.

**SALT ROCK TOWNSHIP
MARION COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2011-002

**Material Weakness
Reporting Entity**

The Governmental Accounting Standards Board (GASB) establishes standards of accounting and financial reporting for state and local governmental entities. Standards set by GASB guide the preparation of external financial reports for those entities.

GASB Codification Section 2100 established standards for defining and reporting on the financial reporting entity. Per Section 2100.111, the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Morral-Salt Rock Township Volunteer Fire Department (the Fire Department) is a legally separate not-for-profit organization. The Fire Department was organized to render efficient and capable services to the community for the fighting of fire, as well as fostering and promoting an educational program for the prevention of fires, and the abating of fire hazards within the community. Despite the Fire Department being an entity legally separate from the Township, the Fire Department is a component unit of the Township for financial reporting purposes since the nature and significance of the Fire Department's relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Accordingly, the Fire District's financial statements should be included on the Township's annual financial statements. As a result, it is necessary for the Fire Department to provide annual audited financial statements to the Township for inclusion in the Township's financial statements.

Currently, the Fire Department does not have an annual audit performed and unaudited financial information of the Fire Department is included in the notes to the financial statements of the Township. Reporting unaudited component unit financial information in the Township's annual financial statements resulted in a modified audit opinion on the Township's financial statements and, as a result, may affect the evaluation of the Township by external users of the financial statements.

We recommend the Township take the appropriate measures to ensure the financial statements of its component unit are audited annually. The Township should also ensure that such audited statements are obtained timely so that the District is able to comply with the annual financial reporting deadline established by Ohio Rev. Code Section 117.38.

Officials' Response:

The Salt Rock Board of Trustees has agreed to take action to ensure the financial statements of the component unit are audited annually, and will be filed with the Salt Rock Township reports by the appropriate deadlines.

SALT ROCK TOWNSHIP
MARION COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Financial Reporting	No	Not corrected. Repeated in current audit as finding 2011-001

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Dave Yost • 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
DECEMBER 18, 2012**