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740.373.0056

1035 Murdoch Ave  
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121 E Main St  
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740.695.1569



Certified Public Accountants, A.C.

**SALT CREEK TOWNSHIP  
PICKAWAY COUNTY  
Regular Audit**

**For the Years Ended December 31, 2014 and 2013**

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- Association of Certified Anti - Money Laundering Specialists •





# Dave Yost • Auditor of State

Board of Trustees  
Salt Creek Township  
27924 Kime Holderman Rd  
Circleville, OH 43443

We have reviewed the *Independent Auditor's Report* of Salt Creek Township, Pickaway County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

December 7, 2015

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**SALT CREEK TOWNSHIP  
PICKAWAY COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014 .....	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013 .....	5
Notes to the Financial Statements .....	6
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Audit Findings .....	15
Schedule of Prior Audit Findings .....	17



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## INDEPENDENT AUDITOR'S REPORT

August 14, 2015

Salt Creek Township  
Pickaway County  
27924 Kime Holderman Rd.  
Circleville, OH 43443

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of **Salt Creek Township**, Pickaway County, (the Township) as of and for the years ended December 31, 2014 and 2013.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinions on this accounting basis are in the *Additional Opinion Qualification* and *Unmodified Opinions* paragraphs below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

***Basis for Additional Opinion Qualification***

Miscellaneous receipts are reported at \$16,500 for the year ended December 31, 2014 which is 100% of Capital Projects fund receipts for the year ended December 31, 2014. We were unable to obtain sufficient appropriate audit evidence supporting the amount recorded as miscellaneous receipts. Consequently, we were unable to determine whether any adjustments to this amount were necessary.

***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Capital Projects Fund of Salt Creek Township, Pickaway County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the General, Special Revenue and Permanent Funds of Salt Creek Township, Pickaway County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**SALT CREEK TOWNSHIP  
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 74,981	\$ 212,613	\$ -	\$ -	\$ 287,594
Licenses, Permits and Fees	-	2,900	-	-	2,900
Intergovernmental	32,600	146,808	-	-	179,408
Earnings on Investments	629	400	-	94	1,123
Miscellaneous	1,908	6,694	16,500	-	25,102
<i>Total Cash Receipts</i>	<u>110,118</u>	<u>369,415</u>	<u>16,500</u>	<u>94</u>	<u>496,127</u>
<b>Cash Disbursements</b>					
Current:					
General Government	96,382	3,798	-	-	100,180
Public Safety	-	45,881	-	-	45,881
Public Works	4,890	243,469	-	-	248,359
Health	2,544	15,059	-	-	17,603
Capital Outlay	-	11,599	15,195	-	26,794
Debt Service:					
Principal Retirement	-	5,000	-	-	5,000
<i>Total Cash Disbursements</i>	<u>103,816</u>	<u>324,806</u>	<u>15,195</u>	<u>-</u>	<u>443,817</u>
<i>Total Receipts Over/(Under) Disbursements</i>	<u>6,302</u>	<u>44,609</u>	<u>1,305</u>	<u>94</u>	<u>52,310</u>
<b>Other Financing Receipts/(Disbursements)</b>					
Transfers In	-	5,000	3,500	-	5,000
Transfers Out	(8,500)	-	-	-	(8,500)
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>(8,500)</u>	<u>5,000</u>	<u>3,500</u>	<u>-</u>	<u>(3,500)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(2,198)</u>	<u>49,609</u>	<u>4,805</u>	<u>94</u>	<u>52,310</u>
<i>Fund Cash Balances, January 1</i>	<u>79,025</u>	<u>591,861</u>	<u>-</u>	<u>23,445</u>	<u>694,331</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	-	-	-	19,421	19,421
Restricted	-	641,470	1,305	4,118	646,893
Committed	-	-	3,500	-	3,500
Unassigned	76,827	-	-	-	76,827
<i>Fund Cash Balances, December 31</i>	<u>\$ 76,827</u>	<u>\$ 641,470</u>	<u>\$ 4,805</u>	<u>\$ 23,539</u>	<u>\$ 746,641</u>

The accompanying notes are an integral part of the Financial Statements.

**SALT CREEK TOWNSHIP  
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 71,115	\$ 202,286	\$ -	\$ 273,401
Licenses, Permits and Fees	-	3,250	-	3,250
Intergovernmental	52,056	153,176	-	205,232
Earnings on Investments	701	387	111	1,199
Miscellaneous	1,634	6,901	-	8,535
<i>Total Cash Receipts</i>	<u>125,506</u>	<u>366,000</u>	<u>111</u>	<u>491,617</u>
<b>Cash Disbursements</b>				
Current:				
General Government	124,987	3,748	-	128,735
Public Safety	-	65,207	-	65,207
Public Works	5,190	215,318	-	220,508
Health	5,500	16,300	-	21,800
Capital Outlay	-	21,814	-	21,814
Debt Service:				
Principal Retirement	-	3,750	-	3,750
<i>Total Cash Disbursements</i>	<u>135,677</u>	<u>326,137</u>	<u>-</u>	<u>461,814</u>
<i>Total Receipts Over/(Under) Disbursements</i>	<u>(10,171)</u>	<u>39,863</u>	<u>111</u>	<u>29,803</u>
<b>Other Financing Receipts/(Disbursements)</b>				
Transfers In	-	10,000	-	10,000
Transfers Out	(10,000)	-	-	(10,000)
Other Financing Sources	39	-	-	39
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>(9,961)</u>	<u>10,000</u>	<u>-</u>	<u>39</u>
<i>Net Change in Fund Cash Balances</i>	<u>(20,132)</u>	<u>49,863</u>	<u>111</u>	<u>29,842</u>
<i>Fund Cash Balances, January 1</i>	<u>99,157</u>	<u>541,998</u>	<u>23,334</u>	<u>664,489</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	-	-	19,421	19,421
Restricted	-	591,861	4,024	595,885
Assigned	116	-	-	116
Unassigned	78,909	-	-	78,909
<i>Fund Cash Balances, December 31</i>	<u>\$ 79,025</u>	<u>\$ 591,861</u>	<u>\$ 23,445</u>	<u>\$ 694,331</u>

The accompanying notes are an integral part of the Financial Statements.

**SALT CREEK TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Salt Creek Township, Pickaway County (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for that entity.

Public Entity Risk Pool:

The Ohio Township Association Risk Management Authority (OTARMA), is a risk-sharing pool available to Ohio townships.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

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

**D. Fund Accounting**

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

**1. General Fund**

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

**SALT CREEK TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund – This fund receives gasoline tax money for constructing, maintaining, and repairing Township roads.

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

**3. Capital Project Fund**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Funds:

Miscellaneous Capital Projects Fund – The Township received donations to repair a bridge.

**4. Permanent Fund**

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting Township's programs (for the benefit of the Township or its citizenry). The Township had the following significant Permanent Fund:

Cemetery Bequest Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

**E. Budgetary Process**

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

**1. Appropriations**

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

**SALT CREEK TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

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

**E. Budgetary Process (Continued)**

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**F. Fund Balance**

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

**1. Nonspendable**

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

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

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

**SALT CREEK TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

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

**F. Fund Balance (Continued)**

**5. Unassigned**

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

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

**G. Property, Plant and Equipment**

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

**H. Accumulated Leave**

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

**2. EQUITY IN POOLED DEPOSITS**

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

	2014	2013
Demand deposits	\$ 727,217	\$ 674,907
Certificates of deposit	19,424	19,424
Total deposits	\$ 746,641	\$ 694,331

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

**SALT CREEK TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 218,388	\$ 110,118	\$ (108,270)
Special Revenue	613,646	374,415	(239,231)
Capital Projects	20,000	20,000	-
Permanent	-	94	94
Total	\$ 852,034	\$ 504,627	\$ (347,407)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 297,413	\$ 112,316	\$ 185,097
Special Revenue	1,205,507	324,806	880,701
Capital Projects	20,000	15,195	4,805
Permanent	23,334	-	23,334
Total	\$ 1,546,254	\$ 452,317	\$ 1,093,937

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 203,444	\$ 125,545	\$ (77,899)
Special Revenue	578,863	376,000	(202,863)
Permanent	-	111	111
Total	\$ 782,307	\$ 501,656	\$ (280,651)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 302,601	\$ 145,793	\$ 156,808
Special Revenue	1,120,941	326,244	794,697
Permanent	23,334	-	23,334
Total	\$ 1,423,542	\$ 472,037	\$ 951,505

**SALT CREEK TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**5. RETIREMENT SYSTEMS**

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multi-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries, and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

**6. 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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 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.

**SALT CREEK TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**6. RISK MANAGEMENT (CONTINUED)**

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$34,954,86	\$35,970,263
Liabilities	8,486,363	8,912,432
Net Position	\$26,467,923	\$27,057,831

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$9,000.

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.

<u>Contributions to OTARMA</u>	
<u>2014</u>	<u>2013</u>
\$16,558	\$16,469

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.

**7. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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

August 14, 2015

Salt Creek Township  
Pickaway County  
27924 Kime Holderman Rd.  
Circleville, OH 43443

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of **Salt Creek Township**, Pickaway County, (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated August 14, 2015 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Also, we qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amount recorded as miscellaneous revenue in the capital projects fund.

***Internal Control Over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-001 through 2014-002 described in the accompanying schedule of audit findings to be material weaknesses.

***... "bringing more to the table"***

Tax- Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll  
Litigation Support - Financial Investigations

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •  
• Association of Certified Anti - Money Laundering Specialists •

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

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 14, 2015.

***Township's Response to Findings***

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

***Purpose of this Report***

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



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**SALT CREEK TOWNSHIP  
PICKAWAY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-001**

**Material Weakness**

**Posting Receipts, Disbursements and Fund Balance Classification**

Receipts, disbursements and fund Balances were not always classified correctly. During 2014 and 2013, several receipts and disbursements were not posted into the accurate receipt and disbursement classifications based on the source of the receipt or nature of the disbursement. The following posting errors were noted:

- Rollback and Homestead receipts were posted as Property & Other Local Taxes instead of Intergovernmental in 2014 and 2013 in the General, Road & Bridge, Fire District, Road District, Permissive Motor Vehicle License Tax and Lighting Funds.
- Debt payments were posted as Public Safety disbursements in the Fire District Fund instead of Principal Retirement in 2014 and 2013.
- A miscellaneous donation was recorded in the Agency Fund and transferred to the Capital Projects Fund instead of being recorded as a miscellaneous receipt in the Capital Projects Fund.
- The Permanent Fund was improperly recorded as the Private Purpose Trust Fund.
- Under GASB 54, the Road District Fund and Motor Vehicle License Tax Fund were improperly classified as committed rather than restricted in 2014 and 2013.
- In 2014 and 2013, the Lighting Fund was improperly classified as assigned rather than restricted.
- In 2014, the Road and Bridge Fund was improperly classified as assigned rather than restricted.
- In 2014, the Permissive Motor Vehicle License Tax Fund was improperly classified as committed rather than restricted.
- In 2013, the Permissive Motor Vehicle License Tax Fund, Gasoline Tax Fund and Road and Bridge Fund were improperly classified as committed rather than restricted.
- In 2014, the Capital Projects Fund was improperly classified as assigned rather than committed and restricted.

Not posting receipts and disbursements accurately or classifying fund balances accurately resulted in the financial statements requiring several reclassifications and adjustments. The Township has agreed with and posted all adjustments to its accounting system. The financial statements reflect all reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly classified on the financial statements.

We also recommend the Fiscal Officer refer to the Auditor of State Technical Bulletin 2011-004 for guidance to determine the proper fund balance classifications and the Township Handbook and Ohio Administrative Code for proper classification of receipts and disbursements.

**Management's Response** – The changes have been noted.

**SALT CREEK TOWNSHIP  
PICKAWAY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b></p>
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**FINDING NUMBER 2014-002**

**Material Weakness**

**Capital Projects Donations**

A Township official collected donations for the repair of a local bridge. The Township opened an account at the Savings Bank where several cash donations were deposited by a Township Trustee. The balance of the account was then transferred into the Township's checking account. The Township maintained no support for the individual donations.

Lack of supporting documentation could result in errors or irregularities occurring and not being detected during the normal course of doing business. We recommend the Township maintain support for miscellaneous donations. The support should include documentation for the revenues received such as receipts. In addition, these records should be reconciled to the revenues reported on the Township's financial statements.

**Management's Response** – The Township believes they took all of the necessary steps to prevent this issue by contacting the county auditor and county prosecuting attorney for advice on these donations.

**SALT CREEK TOWNSHIP  
PICKAWAY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-01	Posting Receipts and Disbursements	No	Not Corrected, Repeated as Finding 2014-001



# Dave Yost • Auditor of State

**SALT CREEK TOWNSHIP**

**PICKAWAY 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 22, 2015**