

**SALT LICK TOWNSHIP
PERRY COUNTY**

AUDIT REPORT

JANUARY 1, 2007 – DECEMBER 31, 2008

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



Mary Taylor, CPA

Auditor of State

Board of Trustees
Salt Lick Township
P.O. Box 136
Shawnee, OH 43782

We have reviewed the *Independent Auditor's Report* of Salt Lick Township, Perry County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2007 to December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Lick Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 23, 2009

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**SALT LICK TOWNSHIP
PERRY COUNTY**

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Salt Lick Township
Perry County
P.O. Box 136
Shawnee, Ohio 43782

We have audited the accompanying financial statements of Salt Lick Township, Perry County as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 and 2007. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above for the years ending December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Salt Lick Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended..

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of Salt Lick Township, Perry County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 20, 2009, on our consideration of Salt Lick Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
April 20, 2009

**SALT LICK TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUNDS AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Special Revenue</u>	
CASH RECEIPTS			
Property and Other Local Taxes	\$ 6,781	\$ 19,185	\$ 25,966
Intergovernmental	17,158	93,620	110,778
Interest	163	601	764
Other	9	1,061	1,070
Total Receipts	<u>24,111</u>	<u>114,467</u>	<u>138,578</u>
CASH DISBURSEMENTS:			
Current:			
General Government	24,594	-	24,594
Public Safety	-	11,485	11,485
Public Works	-	93,091	93,091
Health	-	5,047	5,047
Debt Service			
Total Disbursements	<u>24,594</u>	<u>109,623</u>	<u>134,217</u>
Total of Receipts Over (Under) Disbursements	(483)	4,844	4,361
Other Financing Receipts(Disbursements)			
Advance In	5,000	5,551	10,551
Advance Out	(5,551)	(5,000)	(10,551)
Total Other Financing Receipts(Disbursements)	(551)	551	-
Excess of Receipts and Other Financing Receipts Over/(Under) Disbursements and Other Financing Disbursements	(1,034)	5,395	4,361
Cash Fund Balances Beginning of Year	<u>3,283</u>	<u>75,883</u>	<u>79,166</u>
Cash Fund Balances End of Year	<u>\$ 2,249</u>	<u>\$ 81,278</u>	<u>\$ 83,527</u>

See notes to basic financial statements.

**SALT LICK TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUNDS AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 8,626	\$ 20,788	\$ -	\$ 29,414
Charges for Services	-	131	-	131
Intergovernmental	13,732	101,733	-	115,465
Interest	186	753	-	939
Other	306	661	-	967
Total Receipts	<u>22,850</u>	<u>124,066</u>	<u>-</u>	<u>146,916</u>
CASH DISBURSEMENTS:				
Current:				
General Government	22,592	-	-	22,592
Public Safety	-	15,453	-	15,453
Public Works	-	95,787	-	95,787
Health	-	3,514	-	3,514
Debt Service				
Principal Retirement	-	-	963	963
Interest and Fiscal Charges	-	-	7	7
Total Disbursements	<u>22,592</u>	<u>114,754</u>	<u>970</u>	<u>138,316</u>
Total of Receipts Over (Under) Disbursements	258	9,312	(970)	8,600
Other Financing Receipts(Disbursements)				
Transfer In	-	-	789	789
Transfer Out	-	(789)	-	(789)
Total Other Financing Receipts(Disbursements)	-	(789)	789	-
Excess of Receipts and Other Financing Receipts Over/(Under) Disbursements and Other Financing Disbursements	258	8,523	(181)	8,600
Cash Fund Balances Beginning of Year	<u>3,025</u>	<u>67,360</u>	<u>181</u>	<u>70,566</u>
Cash Fund Balances End of Year	<u>\$ 3,283</u>	<u>\$ 75,883</u>	<u>\$ -</u>	<u>\$ 79,166</u>

See notes to basic financial statements.

**SALT LICK TOWNSHIP
PERRY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Township of Salt Lick, Perry County, 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 and a publicly elected Fiscal Officer. The Township provides general governmental services including road and bridge maintenance and cemetery maintenance. The Township contracts with the Village of Shawnee to provide fire protection and the Village of New Straitsville for emergency medical services.

The Township participates in the Ohio Township Association Risk Management Authority public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and cash disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report expenditures when a commitment is made (i.e., when an encumbrance is approved.)

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash 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.

Money market mutual funds (including STAROhio) are recorded at share values the mutual funds report.

D. Fund Accounting

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

**SALT LICK TOWNSHIP
PERRY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Cemetery Fund – This fund receives real estate tax money for the maintenance of the cemetery.

Fire Levy Fund – This fund receives real estate tax monies to be used in contracting fire protection.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year-end.

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 also approve estimated resources.

**SALT LICK TOWNSHIP
PERRY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

Encumbrances

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

A Summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting

2. EQUITY IN POOLED CASH

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

	2008	2007	
Demand Deposits	\$ 70,728	\$ 66,784	
Certificates of Deposits	5,592	5,355	
Total Deposits	76,320	72,139	
STAROhio	7,207	7,027	
Total Investments	7,207	7,027	
Total Deposits and Investments	\$ 83,527	\$ 79,166	

Deposits:

Deposits are either 1) insured by the Federal Depository Insurance Corporation or 2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

**SALT LICK TOWNSHIP
PERRY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2008 and 2007 was as follows:

2008 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 22,955	\$ 24,111	\$ 1,156
Special Revenue	<u>77,167</u>	<u>114,467</u>	<u>37,300</u>
Total	<u>\$ 100,122</u>	<u>\$ 138,578</u>	<u>\$ 38,456</u>

2008 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 25,990	\$ 24,594	\$ 1,396
Special Revenue	<u>147,041</u>	<u>109,623</u>	<u>37,418</u>
Total	<u>\$ 173,031</u>	<u>\$ 134,217</u>	<u>\$ 38,814</u>

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 22,956	\$ 22,850	\$ (106)
Special Revenue	76,477	124,066	47,589
Debt Service	<u>-</u>	<u>789</u>	<u>789</u>
Total	<u>\$ 99,433</u>	<u>\$ 147,705</u>	<u>\$ 48,272</u>

2007 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 24,285	\$ 22,592	\$ 1,693
Special Revenue	146,242	115,543	30,699
Debt Service	<u>970</u>	<u>970</u>	<u>-</u>
Total	<u>\$ 171,497</u>	<u>\$ 139,105</u>	<u>\$ 32,392</u>

**SALT LICK TOWNSHIP
PERRY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY (Continued)

Contrary to ORC Section 5705.36, in 2008 the Township had the Fire Levy Fund and EMS Fund in which appropriations were greater than unencumbered balance plus actual receipts which should have resulted in getting a new certificate of estimated resources. In 2007, it was the MVL Tax Fund.

Contrary to ORC Section 5705.39, in 2008, the Township had appropriations greater than estimated resources for the Fire Levy Fund and EMS Fund. In 2007, the Township had appropriations greater than estimated resources in the Fire Levy Fund, EMS Fund, and the General Note Retirement Fund.

Contrary to ORC Section 5705.41(D), the Township had expenditures where invoices were dated prior to fiscal certificates.

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the county by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners who must file a list of such property to the County by each June 30.

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 Trustees, Clerk and other employees of the Township belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, members of PERS contributed 10.0% and 9.5% of their gross salaries, respectively. The Township contributed an amount equal to 14.00% and 13.85% of participants' gross salaries, respectively. The Township has paid all contributions required through December 31, 2008.

**SALT LICK TOWNSHIP
PERRY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

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

Property Coverage

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

Beginning in 2005, The Travelers Indemnity Company reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members total insurable value. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

**SALT LICK TOWNSHIP
PERRY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

6. RISK MANAGEMENT(Continued)

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

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

Financial Position

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

	2007	2006
Assets	\$ 43,210,703	\$ 43,210,703
Liabilities	(13,357,837)	(12,120,661)
Retained Earnings	\$ 29,852,866	\$ 29,921,614

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township’s share of these unpaid claims collectible in future years is approximately \$4,028. This payable includes the subsequent year’s contribution due if the Township terminates participation, as described in the last paragraph.

Based on discussion 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. The Townships contributions to OTARMA for the past two years are as follows:

Contributions to OTARMA	
2008	\$2,014
2007	1,921
2006	2,398

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

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Salt Lick Township
Perry County
P.O. Box 136
Shawnee, Ohio 43782

We have audited the financial statements of Salt Lick Township, Perry County as of and for the years ended December 31, 2008 and 2007 and have issued our report thereon dated April 20, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Finding number 2008-01 and 2008-02 in the Schedule of Findings are considered to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that a material misstatement of the financial statements will not be prevented by the Township's internal control. We believe none of the significant deficiencies described above are material weaknesses.

We noted certain matters that we have reported to management in a separate letter dated April 20, 2009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Salt Lick Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of Findings as items 2008-01 and 2008-02. We also noted certain immaterial instances of noncompliance that we have reported to the management of Salt Lick Township in a separate letter dated April 20, 2009.

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

This report is intended for the information of the Township's management, fiscal officer, and Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
April 20, 2009

**SALT LICK TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008**

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

FINDING NUMBER 2008-01

Material Weakness/Significant Deficiency – Posting Amended Budgets

Ohio Admin. Code Section 117-2-02(c)(1) states that all public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

Estimated receipt amounts recorded in the Township’s accounting records did not agree with estimated receipts approved by the Board of Trustees and County Budget Commission as follows:

<u>Year</u>	<u>Fund</u>	<u>Approved Amount</u>	<u>Amount In Accounting System</u>	<u>Variance</u>
2008	Road & Bridge Fund	\$ 4,060	\$ 3,368	\$ (692)
	Fire Levy Fund	9,907	11,304	(1,397)
	EMS Fund	4,070	4,658	(588)
2007	General Fund	22,956	22,301	(655)
	Cemetery Fund	3,500	3,358	(142)
	Fire Levy Fund	9,907	11,050	(1,143)
	EMS Fund	4,070	4,437	(367)
	Note Retire. Fund	-	789	(789)

Failure to update budgets approved by the Trustees in the accounting system could result in inaccurate financial information from which Township operating decisions are made.

We recommend the Fiscal Officer accurately and timely post all estimated receipts approved by the Trustees and County Budget Commission in the accounting system.

The financial statements have been adjusted to reflect the approved estimated receipts.

Client Response: We agree with finding and will try to improve in the future.

**SALT LICK TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008**

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

FINDING NUMBER 2008-02

Material Noncompliance and Significant Deficiency

Ohio Revised Code Section 5705.39 states, in part, that total appropriations from each fund shall not exceed the total estimated resources.

For the year ending December 31, 2008, appropriations exceeded estimated resources by \$1,398 in the Fire Levy Fund and by \$608 in the EMS Fund. For the year ended December 31, 2007, appropriations exceeded estimated resources by \$1,142 in the Fire Levy Fund, by \$366 in the EMS Fund and by \$789 in the General Note Retirement Fund.

We recommend the Board of Trustees limit total appropriations for each fund to the total estimated resources as indicated in the Township's most recent amended certificate of estimated resources.

Client Response: We agree with finding and will try to improve in the future.

**SALT LICK TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2008**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-001	Invoices missing	Yes	Finding No Longer Valid.
2006-002	OAC 117-2-02 C1 Integrate budgetary amendments	No	In current audit as Finding 2008-01
2006-003	ORC 5705.39 Appropriations exceeding estimated resources	No	In current audit as Finding 2008-02
2006-004	ORC 5705.40 Amending appropriations	Yes	Finding No Longer Valid.



Mary Taylor, CPA
Auditor of State

SALT LICK TOWNSHIP

PERRY 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
JULY 7, 2009**