

SANDUSKY TOWNSHIP
CRAWFORD COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008



Mary Taylor, CPA

Auditor of State

Board of Trustees
Sandusky Township
5985 McIntyre Road
Tiro, Ohio 44887

We have reviewed the *Independent Auditors' Report* of Sandusky Township, Crawford County, prepared by Holbrook & Manter, for the audit period January 1, 2008 through December 31, 2009. 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 Auditors' 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 Auditors' 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. Sandusky Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 28, 2010

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Sandusky Township
Crawford County

We have audited the accompanying financial statements of Sandusky Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 2009 and 2008. 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 audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present for 2009 and 2008, GAAP requires presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, townships 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 of Ohio 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 two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

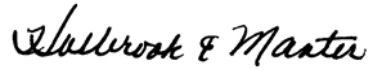
Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Sandusky Township, Crawford County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the basis of 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.

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
OHIO SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2010 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.



Certified Public Accountants

June 15, 2010

SANDUSKY TOWNSHIP
CRAWFORD COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES-ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Memorandum Only</u>
CASH RECEIPTS:-				
Property tax and other local taxes	\$ 17,749	\$ 2,050	\$ 0	\$ 19,799
Intergovernmental receipts	18,567	93,183	21,033	132,783
Earnings on investments	4,180	322	0	4,502
Miscellaneous	<u>423</u>	<u>0</u>	<u>0</u>	<u>423</u>
Total cash receipts	40,919	95,555	21,033	157,507
CASH DISBURSEMENTS:-				
Current:-				
General government	31,507	0	0	31,507
Public safety	11,032	0	0	11,032
Public works	0	60,220	0	60,220
Health	3,200	0	0	3,200
Capital outlay	<u>0</u>	<u>0</u>	<u>21,033</u>	<u>21,033</u>
Total cash disbursements	<u>45,739</u>	<u>60,220</u>	<u>21,033</u>	<u>126,992</u>
Total receipts over (under) cash disbursements	(4,820)	35,335	0	30,515
Other financing sources (uses):-				
Other financing uses	<u>(950)</u>	<u>0</u>	<u>0</u>	<u>(950)</u>
Total other financing receipts (uses)	<u>(950)</u>	<u>0</u>	<u>0</u>	<u>(950)</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	(5,770)	35,335	0	29,565
Fund cash balances, January 1, 2009	<u>143,184</u>	<u>79,229</u>	<u>0</u>	<u>222,413</u>
Fund cash balances, December 31, 2009	<u><u>\$ 137,414</u></u>	<u><u>\$ 114,564</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 251,978</u></u>

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

SANDUSKY TOWNSHIP
CRAWFORD COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES-ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Memorandum Only</u>
CASH RECEIPTS:-				
Property tax and other local taxes	\$ 17,381	\$ 2,016	\$ 0	\$ 19,397
Intergovernmental receipts	18,475	92,219	0	110,694
Earnings on investments	5,276	265	0	5,541
Miscellaneous	<u>574</u>	<u>0</u>	<u>0</u>	<u>574</u>
Total cash receipts	41,706	94,500	0	136,206
CASH DISBURSEMENTS:-				
Current:-				
General government	23,399	0	0	23,399
Public safety	10,446	0	0	10,446
Public works	0	109,832	0	109,832
Health	2,923	0	0	2,923
Capital outlay	<u>23,847</u>	<u>0</u>	<u>0</u>	<u>23,847</u>
Total cash disbursements	<u>60,615</u>	<u>109,832</u>	<u>0</u>	<u>170,447</u>
Total receipts over (under) cash disbursements	(18,909)	(15,332)	0	(34,241)
Other financing sources (uses):-				
Other financing uses	<u>(550)</u>	<u>0</u>	<u>0</u>	<u>(550)</u>
Total other financing receipts (uses)	<u>(550)</u>	<u>0</u>	<u>0</u>	<u>(550)</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	(19,459)	(15,332)	0	(34,791)
Fund cash balances, January 1, 2008	<u>162,643</u>	<u>94,561</u>	<u>0</u>	<u>257,204</u>
Fund cash balances, December 31, 2008	<u>\$ 143,184</u>	<u>\$ 79,229</u>	<u>\$ 0</u>	<u>\$ 222,413</u>

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

**SANDUSKY TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

Description of the Entity - Sandusky Township, Crawford County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly - elected three member Board of Trustees. The Township provides general government services, including road and bridge maintenance, and cemetery maintenance. The Township contracts with Liberty Township for fire protection and with the Central Joint Ambulance District to provide ambulance services.

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

Basis of Accounting - These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, which is similar to the cash receipts and 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 budgetary 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 of Ohio.

Cash - The Township maintains an interest bearing checking account and records certificates of deposit at cost.

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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

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 money to pay for constructing, maintaining and repairing Township roads.

Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following capital project fund:

Issue II Fund

The Township received a grant from the Ohio Public Works Commission for the Swisher road resurfacing project.

Budgetary Process - The Ohio Revised Code requires that each fund 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 Crawford County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year-end.

**SANDUSKY TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

Property, Plant and Equipment - Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

NOTE 2 - EQUITY IN POOLED CASH:-

The Township maintains a cash 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:

	2009	2008	
Demand deposits	\$ 148,720	\$ 118,060	
Certificates of deposits	103,258	104,353	
Total deposits	\$ 251,978	\$ 222,413	

Deposits - The Township's deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

**SANDUSKY TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 3 - BUDGETARY ACTIVITY:-

Budgetary activity for the year ending December 31, 2009 was as follows:

2009 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 33,000	\$ 40,919	\$ 7,919
Special revenue	101,792	95,555	(6,237)
Capital projects	<u>0</u>	<u>21,033</u>	<u>21,033</u>
Total	\$ <u>134,792</u>	\$ <u>157,507</u>	\$ <u>22,715</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 70,000	\$ 46,689	\$ 23,311
Special revenue	167,493	60,220	107,273
Capital projects	<u>0</u>	<u>21,033</u>	<u>(21,033)</u>
Total	\$ <u>237,493</u>	\$ <u>127,942</u>	\$ <u>109,551</u>

Contrary to Ohio law, actual receipts were less than estimated resources during 2009 in the Special revenue funds by \$6,237.

Contrary to Ohio law, during 2009, the budgetary expenditures exceeded the appropriation authority in the Capital project fund by \$21,033.

**SANDUSKY TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 3 - BUDGETARY ACTIVITY:-

Budgetary activity for the year ending December 31, 2008 was as follows:

2008 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 32,919	\$ 41,706	\$ 8,787
Special revenue	92,582	94,500	1,918
Capital projects	<u>38,291</u>	<u>0</u>	<u>(38,291)</u>
Total	\$ <u>163,792</u>	\$ <u>136,206</u>	\$ <u>(27,586)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 70,000	\$ 61,165	\$ 8,835
Special revenue	168,342	109,832	58,510
Capital projects	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$ <u>238,342</u>	\$ <u>170,997</u>	\$ <u>67,345</u>

Contrary to Ohio law, actual receipts were less than estimated resources during 2009 in the Capital project fund by \$38,291.

**SANDUSKY TOWNSHIP
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 4 - PROPERTY TAX:-

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 Crawford County by December 31. If the property owner elects to make semiannual payment, 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 Crawford County by each April 30.

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

Tangible personal property tax has been phased out.

NOTE 5 - RETIREMENT SYSTEMS:-

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, 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 2009 and 2008, PERS members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries for 2009 and 2008. The Township has paid all contributions required through December 31, 2009.

NOTE 6 - RISK POOL MANAGEMENT:-

The Township belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non profit association with over six hundred governmental entity members providing a formalized, jointly administered self insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine, and other coverage's, modified for each member's needs. The Plan pays judgments, settlements, and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverage's and reinsures these coverage's 100%, rather than using a risk pool member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.



**Independent Accountants' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Required by *Government Auditing Standards***

Board of Trustees
Sandusky Township
Crawford County

We have audited the financial statements of Sandusky Township, Crawford County, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 15, 2010, 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 Sandusky Township's internal control over financial reporting as a basis for designing our auditing procedures for 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 do not express an opinion on the effectiveness of Sandusky Township's internal control over financial reporting.

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 financial statement misstatement will not be prevented, or detected and timely corrected.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We did note certain internal control matters that we reported to the Township's management in a separate letter dated June 15, 2010.

Compliance and other matters

As part of reasonably assuring whether Sandusky 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 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 no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, Board of Trustees, and the Auditor of State of Ohio and it is not intended to be and should not be used by anyone other than these specified parties.

Shuller & Master

Certified Public Accountants

June 15, 2010

**SANDUSKY TOWNSHIP
CRAWFORD COUNTY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-01	Significant Deficiency - Internal Control and Review Procedures.	Yes.	Trustees receive the bank statements un-opened and review the statement and copies of the canceled checks and then sign off on the bank statement and note the review in the minutes. Trustees are also noting the last check from the previous month and the first check from the current month in the minutes.



Mary Taylor, CPA
Auditor of State

SANDUSKY TOWNSHIP

CRAWFORD 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
AUGUST 10, 2010**