

**SALISBURY TOWNSHIP  
MEIGS COUNTY  
Regular Audit  
December 31, 2007 and 2006**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Salisbury Township  
463 Hooker Street  
Middleport, Ohio 45760

We have reviewed the *Independent Accountants' Report* of Salisbury Township, Meigs County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2006 through December 31, 2007. 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 Accountants' 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 Accountants' 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. Salisbury Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

April 15, 2008

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**SALISBURY TOWNSHIP  
MEIGS COUNTY**

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***Perry & Associates***  
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**INDEPENDENT ACCOUNTANTS' REPORT**

March 5, 2008

Salisbury Township  
Meigs County  
463 Hooker St  
Middleport, OH 45760

To the Board of Trustees:

We have audited the accompanying financial statements of **Salisbury Township, Meigs County, Ohio**, (the Township) as of and for the years ended December 31, 2007 and 2006. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 (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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present it'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 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 the 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 two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 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, 2007 and 2006 or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Salisbury Township, Meigs County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. 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 our report dated March 5, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,

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



**SALISBURY TOWNSHIP  
MEIGS COUNTY**

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

|   | <u>Governmental Fund Types</u> |                            |                         | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---|--------------------------------|----------------------------|-------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> |   |
| <b>Cash Receipts:</b>   |                                |                            |                         |   |
| Local Taxes   | \$ 21,756                      | \$ 56,502                  | \$ -                    | \$ 78,258                               |
| Intergovernmental   | 22,424                         | 103,182                    | -                       | 125,606                                 |
| Charges for Services  | -                              | 93                         | -                       | 93                                      |
| Earnings on Investments   | 435                            | 118                        | -                       | 553                                     |
| Miscellaneous   | 6,252                          | 7,319                      | -                       | 13,571                                  |
|   | <u>50,867</u>                  | <u>167,214</u>             | <u>-</u>                | <u>218,081</u>                          |
| <b>Total Cash Receipts</b>  |                                |                            |                         |   |
|   | <u>50,867</u>                  | <u>167,214</u>             | <u>-</u>                | <u>218,081</u>                          |
| <b>Cash Disbursements:</b>  |                                |                            |                         |   |
| Current:  |                                |                            |                         |   |
| General Government  | 30,398                         | 7                          | -                       | 30,405                                  |
| Public Safety   | 2,890                          | -                          | -                       | 2,890                                   |
| Public Works  | -                              | 126,592                    | -                       | 126,592                                 |
| Health  | -                              | 8,135                      | -                       | 8,135                                   |
| Capital Outlay  | 12,944                         | 6,200                      | -                       | 19,144                                  |
| Debt Service:   |                                |                            |                         |   |
| Redemption of Principal   | -                              | 11,501                     | 2,042                   | 13,543                                  |
| Interest and Fiscal Charges   | -                              | 1,381                      | 86                      | 1,467                                   |
|   | <u>46,232</u>                  | <u>153,816</u>             | <u>2,128</u>            | <u>202,176</u>                          |
| <b>Total Cash Disbursements</b>   |                                |                            |                         |   |
|   | <u>46,232</u>                  | <u>153,816</u>             | <u>2,128</u>            | <u>202,176</u>                          |
| <b>Total Cash Receipts Over/(Under) Disbursements</b>   | <u>4,635</u>                   | <u>13,398</u>              | <u>(2,128)</u>          | <u>15,905</u>                           |
| <b>Other Financing Receipts and (Disbursements):</b>  |                                |                            |                         |   |
| Transfers-In  | -                              | -                          | 2,128                   | 2,128                                   |
| Transfers-Out   | (2,128)                        | -                          | -                       | (2,128)                                 |
|   | <u>(2,128)</u>                 | <u>-</u>                   | <u>2,128</u>            | <u>-</u>                                |
| <b>Total Other Financing Receipts/(Disbursements)</b>   |                                |                            |                         |   |
|   | <u>(2,128)</u>                 | <u>-</u>                   | <u>2,128</u>            | <u>-</u>                                |
| <b>Excess of Cash Receipts and Other Financing<br/>Receipts Over/(Under) Cash Disbursements<br/>and Other Financing Disbursements</b> | 2,507                          | 13,398                     | -                       | 15,905                                  |
| <b>Fund Cash Balances, January 1</b>  | <u>23,788</u>                  | <u>43,189</u>              | <u>-</u>                | <u>66,977</u>                           |
| <b>Fund Cash Balances, December 31</b>  | <u>\$ 26,295</u>               | <u>\$ 56,587</u>           | <u>\$ -</u>             | <u>\$ 82,882</u>                        |

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

**SALISBURY TOWNSHIP  
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|   | <u>Governmental Fund Types</u> |                            |                         | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---|--------------------------------|----------------------------|-------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> |   |
| <b>Cash Receipts:</b>   |                                |                            |                         |   |
| Local Taxes   | \$ 19,692                      | \$ 29,846                  | \$ -                    | \$ 49,538                               |
| Intergovernmental   | 38,804                         | 102,654                    | -                       | 141,458                                 |
| Licenses, Permits, and Fees   | 648                            | -                          | -                       | 648                                     |
| Earnings on Investments   | 237                            | 149                        | -                       | 386                                     |
| Miscellaneous   | 205                            | 7,897                      | -                       | 8,102                                   |
|   | <u>59,586</u>                  | <u>140,546</u>             | <u>-</u>                | <u>200,132</u>                          |
| <b>Total Cash Receipts</b>  |                                |                            |                         |   |
| <b>Cash Disbursements:</b>  |                                |                            |                         |   |
| Current:  |                                |                            |                         |   |
| General Government  | 33,833                         | 733                        | -                       | 34,566                                  |
| Public Safety   | 2,836                          | 1,100                      | -                       | 3,936                                   |
| Public Works  | -                              | 130,226                    | -                       | 130,226                                 |
| Health  | 642                            | 8,826                      | -                       | 9,468                                   |
| Debt Service:   |                                |                            |                         |   |
| Redemption of Principal   | -                              | 11,075                     | 1,980                   | 13,055                                  |
| Interest and Fiscal Charges   | -                              | 1,808                      | 148                     | 1,956                                   |
|   | <u>37,311</u>                  | <u>153,768</u>             | <u>2,128</u>            | <u>193,207</u>                          |
| <b>Total Cash Disbursements</b>   |                                |                            |                         |   |
| <b>Total Cash Receipts Over/(Under) Disbursements</b>   | <u>22,275</u>                  | <u>(13,222)</u>            | <u>(2,128)</u>          | <u>6,925</u>                            |
| <b>Other Financing Receipts and (Disbursements):</b>  |                                |                            |                         |   |
| Transfers-In  | -                              | 1,500                      | 2,128                   | 3,628                                   |
| Transfers-Out   | (3,628)                        | -                          | -                       | (3,628)                                 |
|   | <u>(3,628)</u>                 | <u>1,500</u>               | <u>2,128</u>            | <u>-</u>                                |
| <b>Total Other Financing Receipts/(Disbursements)</b>   |                                |                            |                         |   |
| <b>Excess of Cash Receipts and Other Financing<br/>Receipts Over/(Under) Cash Disbursements<br/>and Other Financing Disbursements</b> | 18,647                         | (11,722)                   | -                       | 6,925                                   |
| <b>Fund Cash Balances, January 1</b>  | <u>5,141</u>                   | <u>54,911</u>              | <u>-</u>                | <u>60,052</u>                           |
| <b>Fund Cash Balances, December 31</b>  | <u>\$ 23,788</u>               | <u>\$ 43,189</u>           | <u>\$ -</u>             | <u>\$ 66,977</u>                        |

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

**SALISBURY TOWNSHIP  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Salisbury Township, Meigs County, (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 road and bridge maintenance, cemetery maintenance and fire protection and emergency medical services. The Township contracts with the Village of Middleport and the Village of Pomeroy to provide fire and emergency services.

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 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.

**C. Cash**

The Township Clerk invests funds of the Township in an interest-bearing checking account and certificate of deposits.

**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:

**1. 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.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Funds:

**SALISBURY TOWNSHIP  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

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

Cemetery Fund – This fund receives tax proceeds for the maintenance of the Township cemeteries.

**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, and 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. Unencumbered appropriations lapse at year-end.

**2. Estimated Resources**

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

**3. 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 2007 and 2006 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 on the accompanying financial statements.

**SALISBURY TOWNSHIP  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**2. EQUITY IN POOLED CASH**

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

|                         |                 |                 |
|-------------------------|-----------------|-----------------|
|                         | <u>2007</u>     | <u>2006</u>     |
| Demand Deposits         | \$78,803        | \$62,898        |
| Certificates of Deposit | 4,079           | 4,079           |
| Total Deposits          | <u>\$82,882</u> | <u>\$66,977</u> |

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.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance        |
|-----------------|----------------------|--------------------|-----------------|
| General         | \$38,924             | \$50,867           | \$11,943        |
| Special Revenue | 158,749              | 167,214            | 8,465           |
| Debt Service    | -                    | 2,128              | 2,128           |
| Total           | <u>\$197,673</u>     | <u>\$220,209</u>   | <u>\$22,536</u> |

2007 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type       | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance        |
|-----------------|----------------------------|---------------------------|-----------------|
| General         | \$62,712                   | \$48,360                  | \$14,352        |
| Special Revenue | 197,634                    | 153,816                   | 43,818          |
| Debt Service    | 2,128                      | 2,128                     | -               |
| Total           | <u>\$262,474</u>           | <u>\$204,304</u>          | <u>\$58,170</u> |

2006 Budgeted vs. Actual Receipts

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance        |
|-----------------|----------------------|--------------------|-----------------|
| General         | \$39,807             | \$59,586           | \$19,779        |
| Special Revenue | 142,689              | 142,046            | (643)           |
| Debt Service    | -                    | 2,128              | 2,128           |
| Total           | <u>\$182,496</u>     | <u>\$203,760</u>   | <u>\$21,264</u> |

**SALISBURY TOWNSHIP  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

| 2006 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |          |
|---|----------------------------|---------------------------|----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
| General   | \$44,948                   | \$40,939                  | \$4,009  |
| Special Revenue                                       | 208,383                    | 153,768                   | 54,615   |
| Debt Service  | 2,128                      | 2,128                     | -        |
| Total   | \$255,459                  | \$196,835                 | \$58,624 |

Contrary to Ohio Rev. Code Section 5705.39, the Debt Service Fund had appropriations exceeding total estimated resources during 2006 and 2007.

**4. DEBT**

Debt outstanding at December 31, 2007 was as follows:

|              | <u>Principal</u> | <u>Interest<br/>Rate</u> |
|--------------|------------------|--------------------------|
| Tractor Note | \$24,347         | 3.8%                     |

The Tractor Note and Mower Note were borrowed in 2004. The Mower Note was paid in full during the Audit Period. The remaining loan balance on the Tractor Note at December 31, 2007 will be repaid in annual installments of \$12,883.

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

| Year ending<br>December 31: | Tractor<br>Note |
|-----------------------------|-----------------|
| 2008                        | \$ 12,833       |
| 2009                        | 12,833          |
| Total                       | \$ 25,766       |

**SALISBURY TOWNSHIP  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding 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 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 the 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.

**6. RETIREMENT SYSTEMS**

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement 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 2007 and 2006, members of PERS contributed 9.5% (2007) and 9% (2006) of their gross salaries. The Township contributed an amount equal to 13.85% (2007) and 13.7% (2006) of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

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.

**SALISBURY TOWNSHIP  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (Continued)**

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. Townships can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

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

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. It 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.

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 Coverage (Continued)

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, 2006 and 2005.



**SALISBURY TOWNSHIP  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (Continued)**

| <u>Casualty Coverage</u> | <u>2006</u>         | <u>2005</u>         |
|--------------------------|---------------------|---------------------|
| Assets                   | \$32,031,312        | \$30,485,638        |
| Liabilities              | <u>(11,443,952)</u> | <u>(12,344,576)</u> |
| Retained earnings        | <u>\$20,587,360</u> | <u>\$18,141,062</u> |

| <u>Property Coverage</u> | <u>2006</u>        | <u>2005</u>        |
|--------------------------|--------------------|--------------------|
| Assets                   | \$10,010,963       | \$9,177,796        |
| Liabilities              | <u>(676,709)</u>   | <u>(1,406,031)</u> |
| Retained earnings        | <u>\$9,334,254</u> | <u>\$7,771,765</u> |

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member townships in the future, as of December 31, 2006 and 2005, respectively.

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

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

March 5, 2008

Salisbury Township  
Meigs County  
463 Hooker Street  
Middleport, OH 45760

To the Board of Trustees:

We have audited the financial statements of Salisbury Township, Meigs County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated March 5, 2008, 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

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.

### **Internal Control Over Financial Reporting (Continued)**

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-002.

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

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

We also noted a certain internal control matter that we reported to the Township's management in a separate letter dated March 5, 2008.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-002.

This report is intended solely for the information and use of Township management and Board of Trustees and is not intended to be, and should not be used by anyone other than these specified parties.

Respectfully Submitted,

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

**SALISBURY TOWNSHIP  
MEIGS COUNTY**

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

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

**FINDING NUMBER 2007-001**

**Significant Deficiency/Material Weakness**

**Posting Receipts and Expenditures**

During 2007, several receipts and expenditures were not posted into accurate revenue or expenditures classifications based on the source of the receipt or expenditure.

For example, property tax receipts were posted as miscellaneous receipts. In addition, the expenditure for debt was posted as principal rather than principal and interest. These mispostings resulted in several audit reclassifications.

We recommend the Clerk refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2007-002**

**Noncompliance Citation/Significant Deficiency**

**Ohio Rev. Code Section 5705.39** provides that the total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The appropriations exceeded that total estimated resources for both 2007 and 2006 in the Debt Service Fund.

The Township should obtain a certificate from the County Auditor stating that the total appropriations do not exceed the total estimated resources whenever an amendment is made to the original appropriation measure.

**Management's Response** – We did not receive a response from officials to this finding.



Mary Taylor, CPA  
Auditor of State

**SALISBURY TOWNSHIP**

**MEIGS 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  
APRIL 29, 2008**