



**SALEM TOWNSHIP  
MEIGS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



**SALEM TOWNSHIP  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Salem Township  
Meigs County  
26239 Legion Rd.  
Langsville, Ohio 45741

To the Board of Trustees:

We have audited the accompanying financial statements of Salem Township, Meigs County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Salem Township, Meigs County, Ohio, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2000, 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 grants.

This report is intended solely for the information and use of the management, Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

June 22, 2000



**SALEM TOWNSHIP  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$13,476	\$69,525	\$83,001
Intergovernmental	25,073	73,226	98,299
Interest	2,990	1,744	4,734
Other Revenue	235	6,027	6,262
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	41,774	150,522	192,296
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
General Government	55,764		55,764
Public Safety		13,240	13,240
Public Works		86,388	86,388
Health		16,086	16,086
Debt Service:			
Redemption of Principal		7,997	7,997
Interest and Fiscal Charges		1,030	1,030
Capital Outlay		44,067	44,067
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	55,764	168,808	224,572
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(13,990)	(18,286)	(32,276)
	<hr/>	<hr/>	<hr/>
<b>Other Financing Sources:</b>			
Proceeds from Note		40,000	40,000
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources		40,000	40,000
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements	(13,990)	21,714	7,724
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	32,272	151,605	183,877
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$18,282</u></b>	<b><u>\$173,319</u></b>	<b><u>\$191,601</u></b>

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

**SALEM TOWNSHIP  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$17,033	\$91,218	\$108,251
Intergovernmental	26,194	73,185	99,379
Interest	2,772	1,252	4,024
Other Revenue	3,583	6,018	9,601
	<u>49,582</u>	<u>171,673</u>	<u>221,255</u>
<b>Total Cash Receipts</b>			
	<u>49,582</u>	<u>171,673</u>	<u>221,255</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	55,821		55,821
Public Safety		16,738	16,738
Public Works		106,142	106,142
Health		13,926	13,926
Miscellaneous		1,000	1,000
Capital Outlay	30	10,417	10,447
	<u>55,851</u>	<u>148,223</u>	<u>204,074</u>
<b>Total Cash Disbursements</b>			
	<u>55,851</u>	<u>148,223</u>	<u>204,074</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(6,269)</u>	<u>23,450</u>	<u>17,181</u>
<b>Other Financing Sources/(Uses):</b>			
Transfers-In		25,334	25,334
Transfers-Out		(25,334)	(25,334)
Other Sources	2,432		2,432
	<u>2,432</u>		<u>2,432</u>
<b>Total Other Financing Sources/(Uses)</b>			
	<u>2,432</u>		<u>2,432</u>
<b>Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses</b>	<u>(3,837)</u>	<u>23,450</u>	<u>19,613</u>
<b>Fund Cash Balances, January 1 (Restated Note 8)</b>	<u>36,109</u>	<u>128,155</u>	<u>164,264</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$32,272</b></u>	<u><b>\$151,605</b></u>	<u><b>\$183,877</b></u>

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



**SALEM TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Salem Township, Meigs 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 governmental services, including road and bridge maintenance, cemetery maintenance, and fire protection.

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.

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

**C. Cash**

Cash and certificate of deposits are valued at cost. The Township had no investments during the audit period.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund 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 (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:

Road and Bridge Fund - This fund receives property tax money to construct, maintain and repair Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

**SALEM TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 canceled and reappropriated in the subsequent year.

A summary of 1999 and 1998 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.

**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>1999</u>	<u>1988</u>
Demand deposits	\$191,101	\$183,377
Certificate of deposit	500	500
Total	\$191,601	\$183,877

**Deposits:** Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**SALEM TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 38,431	\$ 41,774	\$ 3,343
Special Revenue	183,437	190,522	7,085
Total	\$ 221,868	\$ 232,296	\$ 10,428

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 65,376	\$ 55,764	\$ 9,612
Special Revenue	304,850	168,808	136,042
Total	\$ 370,226	\$ 224,572	\$ 145,654

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 35,712	\$ 52,014	\$ 16,302
Special Revenue	204,376	197,007	(7,369)
Total	\$ 240,088	\$ 249,021	\$ 8,933

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 71,750	\$ 55,851	\$ 15,899
Special Revenue	290,801	173,557	117,244
Total	\$ 362,551	\$ 229,408	\$ 133,143

**SALEM TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**4. 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.

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Grader Loan	\$ 32,004	5.00%
Total	\$ 32,004	

A \$40,000 loan was obtained from Farmer's Bank to purchase a road grader. This debt is accounted for in the Gasoline Tax Special Revenue Fund.

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

Year ending December 31:	Grader Loan
2000	\$ 9,027
2001	9,027
2002	9,027
2003	9,022
Total	\$ 36,103

**SALEM TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Township officials and 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 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 1999 and 1998, PERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equal to 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions
- Vehicle
- Public Officials liability

The Township also provides health insurance to full-time employees through a private carrier.

**8. FUND BALANCE RESTATEMENT**

Due to a prior period adjustment resulting in the reclassification of the Nonexpendable Trust Fund to a Special Revenue Fund, the January 1, 1998 fund balances have been restated as follows:

	<u>Non- expendable Trust Fund</u>	<u>Special Revenue Fund Type</u>
Fund cash balances originally stated, December 31, 1997	\$500	\$127,655
Prior period adjustment	<u>(500)</u>	<u>500</u>
Restated fund cash balances, January 1, 1998	<u>\$0</u>	<u>\$128,155</u>

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STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Salem Township  
Meigs County  
26239 Legion Rd.  
Langsville, Ohio 45741

To the Board of Trustees:

We have audited the accompanying financial statements of Salem Township, Meigs County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 22, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 22, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 22, 2000.

Salem Township  
Meigs County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

June 22, 2000



**SALEM TOWNSHIP  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 1999 AND 1998**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain:</b></i>
1997-40753-001	Ohio Rev. Code Section 135.18 (A) requires the Treasurer of a political subdivision to require the depository to provide as security an amount equal to the funds on deposit at all times. During 1997, the Township's depository balance exceeded the FDIC amount plus the amount pledged as collateral by the financial institution.	Yes	





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OFFICE OF THE AUDITOR

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**SALEM 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  
AUGUST 24, 2000**