

SALEM TOWNSHIP
COLUMBUS REGION, WYANDOT COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001



**Auditor of State
Betty Montgomery**

Board of Trustees
Salem Township

We have reviewed the Independent Auditor's Report of Salem Township, Wyandot County, prepared by Holbrook & Manter for the audit period January 1, 2001 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

August 12, 2003

This Page is Intentionally Left Blank.

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001.....	5
Notes to the Financial Statements.....	6-10
Report on Compliance and Internal Control Required by <i>Government Auditing Standards</i>	11

This Page is Intentionally Left Blank.



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Salem Township
Wyandot County
13011 TH 54, Rt. 2
Upper Sandusky, Ohio 43351

We have audited the accompanying financial statements of Salem Township, Wyandot County, Ohio, (the Township) as of and for the years ended 2002 and 2001. 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 of America. 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 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, as of December 31, 2002 and December 31, 2001, 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 May 21, 2003 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

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

Holbrook & Manter

Certified Public Accountants

May 21, 2003
Marion, Ohio

-3-

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

SALEM TOWNSHIP
WYANDOT COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES-ALL GOVERNMENTAL FUND TYPES-
FOR THE YEAR ENDED DECEMBER 31, 2002

	General	Special Revenue	(Memorandum Only) Total
Cash receipts:			
Local taxes	\$ 5,566	\$ 25,975	\$ 31,541
Intergovernmental	42,400	59,668	102,068
Interest	654	357	1,011
Total cash receipts	48,620	86,000	134,620
Cash disbursements:			
Current:			
General government	53,257	0	53,257
Public safety	14,223	0	14,223
Public health services	6,451	0	6,451
Public works	635	35,656	36,291
Capital outlay	0	53	53
Total cash disbursements	74,566	35,709	110,275
Total receipts over/(under) cash disbursements	(25,946)	50,291	24,345
Other financing receipts:			
Other financing sources	467	0	467
Total other financing receipts	467	0	467
Excess of cash receipts and other financing receipts over/(under) cash disbursements	(25,479)	50,291	24,812
Fund cash balances January 1, 2002	46,042	24,724	70,766
Fund cash balances, December 31, 2002	\$ 20,563	\$ 75,015	\$ 95,578

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

SALEM TOWNSHIP
WYANDOT COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES-ALL GOVERNMENTAL FUND TYPES-
FOR THE YEAR ENDED DECEMBER 31, 2001

	General	Special Revenue	(Memorandum Only) Total
Cash receipts:			
Local taxes	\$ 4,849	\$ 22,604	\$ 27,453
Intergovernmental	62,741	70,870	133,611
Interest	1,239	477	1,716
Other	1,500	0	1,500
Total cash receipts	70,329	93,951	164,280
Cash disbursements:			
Current:			
General government	47,003	0	47,003
Public safety	20,105	0	20,105
Public health services	6,509	0	6,509
Public works	959	89,563	90,522
Capital outlay	0	11,116	11,116
Total cash disbursements	74,576	100,679	175,255
Total receipts over/(under) cash disbursements	(4,247)	(6,728)	(10,975)
Other financing receipts:			
Other financing sources	2,440	0	2,440
Total other financing receipts	2,440	0	2,440
Excess of cash receipts and other financing receipts over/(under) cash disbursements	(1,807)	(6,728)	(8,535)
Fund cash balances January 1, 2001	47,849	31,452	79,301
Fund cash balances, December 31, 2001	\$ 46,042	\$ 24,724	\$ 70,766

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

SALEM TOWNSHIP
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

Description of the Entity – Salem Township, Wyandot 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 three publicly-elected Trustees. The Township provides general governmental services, including road maintenance and repair.

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, 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.

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:

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:

Motor Vehicle Fund

This fund receives motor vehicle tax money for constructing, maintaining and repairing township roads.

Gasoline Tax Fund

This fund receives gasoline tax money for constructing, maintaining and repairing township roads.

Road and Bridge Fund

This fund receives revenue which is used for the maintenance and upkeep of roads and bridges.

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

SALEM TOWNSHIP
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

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 Wyandot County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made.

A summary of 2002 and 2001 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

Unpaid Vacation and Sick Leave - Employees may be entitled to cash payments for unused vacation and sick leave upon leaving employment. The Trustees approve the vacation and sick leave for all full time employees on an annual basis and the cash payment for any unused time is at their discretion. Unpaid vacation and sick leave is not reflected as a liability under the cash basis of accounting used by the Township.

NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS:-

The Township maintains a cash and investments 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:

	<u>2002</u>	<u>2001</u>	
	\$ <u>95,578</u>	\$ <u>70,766</u>	
Total Deposits	\$ <u><u>95,578</u></u>	\$ <u><u>70,766</u></u>	

Deposits – The Townships deposits are insured by the Federal Depository Insurance Corporation.

SALEM TOWNSHIP
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 3 - BUDGETARY ACTIVITY:

Budgetary activity for the years ending December 31, 2001 and 2002 was as follows:

2002 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 37,540	\$ 49,087	\$ 11,547
Special Revenue	<u>86,270</u>	<u>86,000</u>	<u>(270)</u>
Total	\$ <u><u>123,810</u></u>	\$ <u><u>135,087</u></u>	\$ <u><u>11,277</u></u>

2002 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 83,580	\$ 74,566	\$ 9,014
Special Revenue	<u>110,985</u>	<u>35,709</u>	<u>75,276</u>
Total	\$ <u><u>194,565</u></u>	\$ <u><u>110,275</u></u>	\$ <u><u>84,290</u></u>

SALEM TOWNSHIP
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 3 - BUDGETARY ACTIVITY: (continued)

2001 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 41,670	\$ 72,769	\$ 31,099
Special Revenue	<u>86,320</u>	<u>93,951</u>	<u>7,631</u>
Total	<u>\$ 127,990</u>	<u>\$ 166,720</u>	<u>\$ 38,730</u>

2001 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 89,676	\$ 74,576	\$ 15,100
Special Revenue	<u>117,613</u>	<u>100,679</u>	<u>16,934</u>
Total	<u>\$ 207,289</u>	<u>\$ 175,255</u>	<u>\$ 32,034</u>

SALEM TOWNSHIP
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

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 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.

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.

NOTE 5 - RETIREMENT SYSTEMS:-

The Township's full-time 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.

For 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for the same period. The Ohio Revised Code prescribes the contribution rates. The Township has paid all contributions required through December 31, 2002.

NOTE 6 – RISK MANAGEMENT:-

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles



Report on Compliance and on Internal Control Required by *Government Auditing Standards*

Board of Trustees
Salem Township
Wyandot County
13011 TH 54, Rt. 2
Upper Sandusky, Ohio 43351

We have audited the accompanying financial statements of Salem Township, Wyandot County, Ohio (the Township), as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated May 21, 2003. We conducted our audits 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 compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 that are required to be reported under *Government Auditing Standards*.

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 matter 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 of 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.

We noted other matters involving compliance and internal control over financial reporting that we have reported to the Management of the Township in a separate letter dated May 21, 2003.

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

Holbrook & Manter

Certified Public Accountants

May 21, 2003
Marion, Ohio

-11-

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



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

SALEM TOWNSHIP

WYANDOT 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
SEPTEMBER 16, 2003**