

**SALEM TOWNSHIP
AUGLAIZE COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 1999 and 1998

TRIMBLE, JULIAN & GRUBE, INC.

TJG

**SALEM TOWNSHIP
AUGLAIZE COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 1999 and 1998

LOIS R. MOORMAN, CLERK

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**SALEM TOWNSHIP
AUGLAIZE COUNTY, OHIO**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

Board of Trustees
Salem Township, Auglaize County
21866 St. Marys River Road
Spencerville, Ohio 45887

We have reviewed the independent auditor's report of the Salem Township, Auglaize County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 1998 through December 31, 1999. 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. The Salem Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a large, stylized flourish.

JIM PETRO
Auditor of State

June 12, 2000

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 WORTHINGTON WOODS BOULEVARD
SUITE B
WORTHINGTON, OHIO 43085

TELEPHONE 614.846.1899
FACSIMILE 614.846.2799

Independent Auditor's Report

Board of Trustees
Salem Township, Auglaize County
21866 St. Marys River Rd.
Spencerville, OH 45887

We have audited the accompanying financial statements of Salem Township, Auglaize County, as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of Salem Township's, Auglaize County, 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 2, Salem Township, Auglaize County, prepares its financial statements on the basis of accounting prescribed or permitted by 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 cash balances and fund balances of Salem Township, Auglaize County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 20, 2000, on our consideration of Salem Township's, Auglaize County, 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 officials authorized to receive this report under Section 117.26, Ohio Revised Code. However, this report is a public record and is available upon specific request.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
March 20, 2000

**SALEM TOWNSHIP
AUGLAIZE COUNTY, OHIO**

**COMBINED STATEMENT OF FUND BALANCES
ALL FUND TYPES - CASH BASIS
DECEMBER 31, 1999 AND 1998**

<u>Cash and Cash Equivalents</u>	<u>1999</u>	<u>1998</u>
Cash and Cash Equivalents	\$ 134,794	\$ 124,408
Total Cash and Cash Equivalents	<u>\$ 134,794</u>	<u>\$ 124,408</u>
 <u>Fund Balances</u>		
<u>Governmental Funds:</u>		
General Fund	\$ 32,191	\$ 25,116
Special Revenue Funds	101,422	98,152
Capital Projects Fund	<u>-</u>	<u>14</u>
Total Governmental Funds	<u>133,613</u>	<u>123,282</u>
 <u>Fiduciary Funds:</u>		
Nonexpendable Trust Fund	<u>1,181</u>	<u>1,126</u>
Total Fund Balances	<u>\$ 134,794</u>	<u>\$ 124,408</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**SALEM TOWNSHIP
AUGLAIZE COUNTY, OHIO**

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

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash receipts:				
Taxes	\$ 12,420	\$ 3,450	\$ -	\$ 15,870
Licenses, permits and fees	-	4,400	-	4,400
Intergovernmental	25,307	58,501	-	83,808
Interest	1,852	4,200	-	6,052
Miscellaneous	601	25	-	626
Total cash receipts	<u>40,180</u>	<u>70,576</u>	<u>-</u>	<u>110,756</u>
Cash disbursements:				
Current:				
General government	19,227	-	-	19,227
Public safety	10,873	-	-	10,873
Public works	-	52,110	-	52,110
Health	3,005	113	-	3,118
Capital outlay	-	50,083	14	50,097
Total cash disbursements	<u>33,105</u>	<u>102,306</u>	<u>14</u>	<u>135,425</u>
Total cash receipts over/(under) cash disbursements	<u>7,075</u>	<u>(31,730)</u>	<u>(14)</u>	<u>(24,669)</u>
Other financing sources:				
Proceeds of notes	-	35,000	-	35,000
Total other financing sources	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Excess of cash receipts and other financing sources over/(under) cash disbursements	<u>7,075</u>	<u>3,270</u>	<u>(14)</u>	<u>10,331</u>
Cash fund balances, January 1, 1999	<u>25,116</u>	<u>98,152</u>	<u>14</u>	<u>123,282</u>
Cash fund balances, December 31, 1999	<u>\$ 32,191</u>	<u>\$ 101,422</u>	<u>\$ -</u>	<u>\$ 133,613</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**SALEM TOWNSHIP
AUGLAIZE COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	FIDUCIARY FUND
	Nonexpendable Trust
Nonoperating Receipts:	
Interest	\$ 55
Nonoperating Income	55
Cash Fund Balance, January 1, 1999	1,126
Cash Fund Balance, December 31, 1999	\$ 1,181

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

SALEM TOWNSHIP
AUGLAIZE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1999

Fund Types	Receipts			Disbursements				Encumbrances Outstanding at 12/31/99	Total	Variance Favorable (Unfavorable)
	Budget	Actual 1999 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	1999 Appropriations	Total	Actual 1999 Disbursements			
Governmental:										
General	\$ 34,641	\$ 40,180	\$ 5,539	\$ 50	\$ 59,757	\$ 59,807	\$ 33,105	\$ -	\$ 33,105	\$ 26,702
Special Revenue	89,047	105,576	16,529	-	187,199	187,199	102,306	23,700	126,006	61,193
Capital Projects	-	-	-	-	14	14	14	-	14	-
Fiduciary:										
Nonexpendable Trust	-	55	55	-	1,126	1,126	-	-	-	1,126
Total	\$ 123,688	\$ 145,811	\$ 22,123	\$ 50	\$ 248,096	\$ 248,146	\$ 135,425	\$ 23,700	\$ 159,125	\$ 89,021
(Memorandum Only)										

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**SALEM TOWNSHIP
AUGLAIZE COUNTY, OHIO**

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

	<u>Governmental Fund Types</u>			<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash receipts:				
Taxes	\$ 12,111	\$ 3,364	\$ -	\$ 15,475
Fines, permits and fees	-	3,250	-	3,250
Intergovernmental	28,068	56,527	25,950	110,545
Interest	1,444	3,424	-	4,868
Miscellaneous	1,292	19	-	1,311
Total cash receipts	<u>42,915</u>	<u>66,584</u>	<u>25,950</u>	<u>135,449</u>
Cash disbursements:				
Current:				
General government	21,912	-	-	21,912
Public safety	10,873	-	-	10,873
Public works	-	42,547	-	42,547
Health	3,369	1,090	-	4,459
Capital outlay	1,950	-	25,936	27,886
Total cash disbursements	<u>38,104</u>	<u>43,637</u>	<u>25,936</u>	<u>107,677</u>
Total cash receipts over cash disbursements	4,811	22,947	14	27,772
Cash fund balances, January 1, 1998	<u>20,305</u>	<u>75,205</u>	<u>-</u>	<u>95,510</u>
Cash fund balances, December 31, 1998	<u>\$ 25,116</u>	<u>\$ 98,152</u>	<u>\$ 14</u>	<u>\$ 123,282</u>

THE NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**SALEM TOWNSHIP
AUGLAIZE COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>FIDUCIARY FUND Nonexpendable Trust</u>
Nonoperating receipts:	
Interest	\$ <u>96</u>
Nonoperating income	96
Cash fund balance, January 1, 1998	<u>1,030</u>
Cash fund balance, December 31, 1998	<u>\$ 1,126</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

SALEM TOWNSHIP
AUGLAIZE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1998

Fund Types	Receipts			Disbursements				Encumbrances Outstanding at 12/31/98	Total	Variance Favorable (Unfavorable)
	Budget	Actual 1998 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	1998 Appropriations	Total	Actual 1998 Disbursements			
Governmental:										
General	\$ 34,443	\$ 42,915	\$ 8,472	\$ -	\$ 56,483	\$ 56,483	\$ 38,104	\$ 50	\$ 38,154	\$ 18,329
Special Revenue	54,553	66,584	12,031	-	128,023	128,023	43,637	-	43,637	84,386
Capital Projects	26,000	25,950	(50)	-	26,000	26,000	25,936	-	25,936	64
Fiduciary:										
Nonexpendable Trust	-	96	96	-	1,030	1,030	-	-	-	1,030
Total	\$ 114,996	\$ 135,545	\$ 20,549	\$ -	\$ 211,536	\$ 211,536	\$ 107,677	\$ 50	\$ 107,727	\$ 103,809
(Memorandum Only)										

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

SALEM TOWNSHIP
AUGLAIZE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 1 - DESCRIPTION OF THE ENTITY

Salem Township ("the Township") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Township is directed by a publicity-elected three member Board of Trustees. The Township provides general governmental services, including road maintenance, emergency medical services, fire protection and cemetery maintenance.

Management believes the financial statements included in this report represent all of the funds of the Township over which the Township officials have direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Township's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Township are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Township.

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the Township not required to be included in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

SALEM TOWNSHIP
AUGLAIZE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Township had the following significant Special Revenue Funds:

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.

Motor Vehicle Licence Tax Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Township roads.

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Township had the following significant Capital Projects Fund.

Issue II Fund - This fund accumulates grant monies received and paid out on behalf of the Township.

Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Township had the following significant Nonexpendable Fund.

Trust Fund - This fund is used to account for resources restricted by legally binding trust agreements. The agreements require the Township to maintain the corpus of the trust and the fund is classified as a nonexpendable trust fund.

SALEM TOWNSHIP
AUGLAIZE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the item level within each fund. Any budgetary modifications at this level may only be made by resolution of the Township. One budgetary modification was legally enacted during 1999.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

SALEM TOWNSHIP
AUGLAIZE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Township by September 1. As part of this certification, the Township receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Township determines that receipts collected will be greater than or less than the prior estimates, and the Budget Commission finds the revised estimates to be reasonable. Prior to December 31, the Township must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Township legally adopted one supplemental appropriation during 1999.

Encumbrances:

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

SALEM TOWNSHIP
AUGLAIZE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Township considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Township with a maturity date less than or equal to three months from the date of purchase. Interest earned on investments held by the treasurer is credited to its respective funds. Interest income earned and received by the Township totaled \$6,107 and \$4,964 for the years ended December 31, 1999 and 1998, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

Fixed assets are not capitalized in any of the Township's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Township's cash basis method of accounting.

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains individual cash balances in bank accounts and short-term cash equivalents classified as "Cash and Cash Equivalents" on the Statement of Fund Balances.

SALEM TOWNSHIP
AUGLAIZE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

A. LEGAL REQUIREMENTS

Statutes require the classifications of funds held by the Township into three categories:

Category 1 consists of active funds - those funds required to be kept in a cash or cash equivalent status for immediate use by the Township. Such funds must be maintained either as cash in the Township treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of inactive funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of interim funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any Federal government agency, or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

**SALEM TOWNSHIP
 AUGLAIZE COUNTY, OHIO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).

The Township may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default principal, interest or coupons;
3. Obligations to the Township.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the Township has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township and must be purchased with the expectation that it will be held to maturity.

B. 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>1999</u>	<u>1998</u>
Deposits:		
Demand deposits	<u>\$134,794</u>	<u>\$124,408</u>

**SALEM TOWNSHIP
AUGLAIZE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

C. DEPOSITS

For the years ended December 31, 1999 and 1998, the carrying amount of the Township's deposits, were \$134,794 and \$124,408, respectively, and the bank balance was \$144,464 and \$132,633, respectively. Of the bank balance:

1. \$100,000 was covered by federal depository insurance for both 1999 and 1998.
2. \$44,464 and \$32,633, respectively, was uninsured and uncollateralized. Although all statutory requirements for the deposit for the money had been followed, noncompliance with federal requirements could potentially subject the Township held to be successful claim by the FDIC.

NOTE 4 - DEBT OBLIGATIONS

At December 31, 1999 debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at December 31, 1999</u>
1999 loan with Firststar Bank for the purchase of a truck, due in semi-annual installments of \$6,743 through November 2002, bearing interest of 8.49%. Payments begin on May 8, 2000.	<u>\$35,000</u>
Total debt obligations at December 31, 1999	<u>\$35,000</u>

Transactions for the year ended December 31, 1999 are summarized as follows:

<u>Description</u>	<u>Balance at December 31, 1998</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at December 31, 1999</u>
Loan-Truck	\$ <u>0</u>	\$35,000	\$ ---	<u>\$35,000</u>
Total	\$ <u>0</u>	<u>\$35,000</u>	<u>\$ ---</u>	<u>\$35,000</u>

**SALEM TOWNSHIP
 AUGLAIZE COUNTY, OHIO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

NOTE 4 - DEBT OBLIGATIONS - (Continued)

The principal and interest requirements to retire the debt obligations outstanding at December 31, 1999, are as follows:

<u>Year Ending December 31,</u>	<u>Loan - Truck</u>	
	<u>Principal</u>	<u>Interest</u>
2000	\$10,738	\$2,748
2001	11,669	1,817
2002	<u>12,593</u>	<u>894</u>
Total	<u>\$35,000</u>	<u>\$5,459</u>

NOTE 5 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. 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. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

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.

NOTE 6 - RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

SALEM TOWNSHIP
AUGLAIZE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 6 - RETIREMENT SYSTEMS - (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contribute 8.5% of their gross salaries. The Township contributes an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999 and 1998.

NOTE 7 - RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

NOTE 8 - CONTINGENT LIABILITY

LITIGATION

The Township is currently not involved in litigation that the Township's legal counsel anticipates a loss.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 WORTHINGTON WOODS BOULEVARD
SUITE B
WORTHINGTON, OHIO 43085

TELEPHONE 614.846.1899
FACSIMILE 614.846.2799

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Salem Township, Auglaize County
21866 St. Marys River Rd.
Spencerville, OH 45887

We have audited the financial statements of Salem Township, Auglaize County, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 20, 2000. We conducted our audit in accordance with generally accepted auditing standards and 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 Salem 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Salem 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 that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to 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 another matter involving the internal control over financial reporting that does not require inclusion in this report that we have reported to the management of the Township in a separate letter dated March 20, 2000.

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


Trimble, Julian & Grube, Inc.
March 20, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

AUGLAIZE 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.

By: Susan Babbitt

Date: JUNE 27, 2000