



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Salem Township
Washington County
PO Box 56
Lower Salem, Ohio 45745

We have performed the procedures enumerated below on the Salem Township, Washington County, Ohio (the Township), receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2022 and 2021 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Township. The Township is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2022 and 2021 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township.

The Board of Trustees and the management of the Township have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing assistance in the evaluation of the Township's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2022 and 2021, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

Cash

1. We recalculated the December 31, 2022 and December 31, 2021 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2021 beginning fund balances for each fund recorded in the Cash Summary by Fund Report to the December 31, 2020 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2022 beginning fund balances for each fund recorded in the Cash Summary by Fund Report to the December 31, 2021 balances in the Cash Summary by Fund Report. We found no exceptions. The Cash Summary by Fund Report for 2023 did include a fund balance adjustment of \$12,429 from the Special Levy Fire/Ambulance 2009 Fund 2192 to Special Levy Fire/Ambulance 1986 Fund to correct a receipt posting.

Cash (Continued)

1. We compared the 2022 and 2021 Bank Reconciliation Adjusted UAN Balances and Adjusted Bank Balances as of December 31, 2022 and 2021 to the total fund cash balances reported in the Fund Status Report and the financial statements filed by the Township in the Hinkle System. The amounts in the Fund Status Report and financial statements filed by the Township in the Hinkle System exceed the Adjusted Bank Balances and Adjusted UAN Balances by \$31 and \$119 at December 31, 2022 and 2021, respectively. The required adjustment to Fund Balance is an increase of \$65 to the General Fund, a reduction of \$5 from the Motor Vehicle License Tax Fund, a reduction of \$101 from the Gasoline Tax Fund, and a reduction of \$3 from the Road and Bridge Fund. As of the date of this report, management has not yet made the required adjustment. In accordance with the foregoing facts, we hereby issue a finding for adjustment against the General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, and Road and Bridge Fund in the amount of \$65, -\$5, -\$101, and -\$3, respectively.
2. We confirmed the December 31, 2022 bank account balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2022 bank reconciliation without exception.
3. We selected five reconciling debits (such as outstanding checks) from the December 31, 2022 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, and determined the debits were dated prior to December 31. We found no exceptions.
4. The only reconciling credits from the December 31, 2022 bank reconciliation related to other adjusting factors.

Property Taxes and Intergovernmental Cash Receipts

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Lists (DTL), and the Washington County Auditor Trail Report for 2022 and a total of five from 2021:
 - a. We compared the amount from the above-named reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Detail Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Receipt Register Report to determine whether it included two real estate tax receipts for 2022 and 2021. The Receipt Register Report included the proper number of tax receipts for each year. We found no exceptions.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following loans were outstanding as of December 31, 2020.
 - a. These amounts agreed to the Township's January 1, 2021 balances on the summary we used in procedure 3.
 - b. We inspected the debt's loan agreements for all outstanding debt, and we confirmed the Township was in compliance with the debt covenants listed below.

Debt (Continued)

Issue	Principal outstanding as of December 31, 2020:	Debt Covenant
2012 Fire Truck Loan	\$107,967	Maintaining Insurance Coverage Timely Payment Proper use of Collateral
2017 Backhoe Loan	\$28,762	Maintaining Insurance Coverage Timely Payment Proper use of Collateral

2. We inquired of management and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2022 or 2021 or debt payment activity during 2022 or 2021. All debt agreed to the summary we used in procedure 3. However, the 2012 Fire Truck Loan outstanding at December 31, 2022 and 2021 did not meet the criteria for an allowable debt type for Townships per Ohio Rev. Code Chapter 133. The Ohio Revised Code contains various methods of incurring debt for Townships. Installment loans and promissory notes with banking institutions are not legal methods of debt for Townships. The Township should consult with legal counsel when the Board anticipates incurring future debt.
3. We obtained a summary of loan and bond debt activity for 2022 and 2021 and compared principal and interest payments from the related debt amortization schedules to The Special Levy Fire/Ambulance 1986 Fund and Gasoline Tax Fund payments reported in the Payment Register Detail Report. We note that in 2021, the Township paid additional principal on the 2017 Backhoe Loan to pay the debt off early. Further, the Township classified principal payments of \$1,056 in 2021 and \$671 in 2022 as interest. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions in 2021. In 2022, the Township issued the payment on April 12, 2022 despite being due on April 9, 2022.
4. We agreed the amount of debt proceeds received for 2022 from the debt documents to amounts recorded in the General Fund per the Receipt Register Report. The amounts agreed. The Township did not record the proceeds in a bond fund (i.e. capital projects fund) as required by Ohio Rev. Code § 5705.09(E).
5. For new debt issued during 2022, we inspected the debt legislation, which stated the Township must use the proceeds for paying part of the cost of acquiring a truck and related equipment. We inspected the Payment Register Detail Report and observed the Township purchased a truck in December 2022. We found no exceptions.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2022 and one payroll check for five employees from 2021 from the Wage Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily approved rate or salary). We found no exceptions.
 - b. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the employees' personnel files, minute record, or as required by statute. We found no exceptions.
 - c. We confirmed the payment was posted to the proper year. We found no exceptions.

Payroll Cash Disbursements (Continued)

2. We selected three new employees and Board of Trustees from 2022 and the only new employee or Board of Trustee member from 2021 and:
 - a. We inspected the employees'/Board of Trustees' personnel files for the Retirement system, Federal, State & Local income tax withholding authorization.
 - b. We agreed the items in a above to the Employee General Information Report.
We found no exceptions.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2022 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2022. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	01/31/2023	12/31/2022	\$827	\$827
State income taxes	01/15/2023	12/31/2022	165	165
OPERS retirement	01/30/2023	12/31/2022 02/01/2023	1,899 384	1,899 384

As indicated above, the Township paid \$384 of its December withholdings as required by Ohio Rev. Code §§ 145.47 and 145.48 on February 1, 2023 which is past the required deadline.

4. For the pay periods ended January 31, 2022 and September 30, 2021, we
 - a. Recomputed the allocation of the Fiscal Officer and Boards' salary amounts and employer shares withholdings to the General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, and Road and Bridge Fund per the Wage Detail Report.
 - b. Traced the Boards' pay for time or services performed to supporting certifications the Revised Code requires.
We found no exceptions.

5. We compared total gross pay for the Fiscal Officer and each Trustee for 2022 and 2021 to the compensation permitted by Ohio Revised Code §§ 507.09 and 505.24, respectively. Their pay did not exceed the Ohio Revised Code §§ 507.09 and 505.24 permitted amounts. In 2021, the Fiscal Officer was undercompensated by \$2,190, two Trustees were undercompensated by \$944 each, and the remaining Trustee was undercompensated by \$995.

6. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2022 and 2021 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. Insurance reimbursements made were in compliance with Ohio Rev. Code §§ 505.60, 505.601, 505.602 and 505.603 and federal regulations.

Non-Payroll Cash Disbursements

- We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2022 and 10 from the year ended 2021 and determined whether:
- a. The disbursements were for a proper public purpose. We found no exceptions.

Non-Payroll Cash Disbursements (Continued)

- b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found one check in 2021 and one in 2022 where the check number of the cleared check did not agree to the Payment Register Detail Report.
- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
- d. The Fiscal Officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code § 5705.41(D). We found one instance in 2022 and one in 2021 where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code § 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2022 and 2021 for the General Fund, Road and Bridge Fund, and Special Levy Fire/Ambulance 2009 Fund as recorded in the Appropriation Status Report. Expenditures did not exceed appropriations.
2. We inspected the Cash Summary by Fund Report for the years ended December 31, 2022 and 2021 for negative cash fund balances. Ohio Rev. Code § 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. No funds had a negative cash fund balance.

Sunshine Law Compliance

1. We obtained and inspected the Township's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We inquired with Township management and determined that the Township did not have any completed public records requests during the engagement period. The Township did not have any denied public records requests during the engagement period. The Township did not have any public records requests with redactions during the engagement period.
3. We inquired with Township management and determined that the Township did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2).
4. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.

Sunshine Law Compliance (Continued)

5. We inspected the Township's policy manual and determined the public records policy was not included as required by Ohio Rev. Code § 149.43(E)(2).
6. We observed that the Township's poster describing their Public Records Policy was displayed conspicuously in all branches of the Township as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We inquired with Township management and determined that the Township did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inspected individual proof of attendance and determined whether each elected official in accordance with Ohio Rev. Code § 149.43(E)(1) (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 109.43(B). We found two Trustees with terms ending in 2021 who did not attend the required training nor have a designee attend in their stead.
9. We inspected the public notices for the public meetings held during the engagement period and determined the Township notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
 - a. Prepared – a file is created following the date of the meeting
 - b. Filed – placed with similar documents in an organized manner
 - c. Maintained - retained, at a minimum, for the engagement period
 - d. Open to public inspection – available for public viewing or request.We found no exceptions.
11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
 - a. Executive sessions were only held at regular or special meetings.
 - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
 - c. Formal governing board actions were adopted in open meetings.We found no exceptions.

Contract Compliance

1. We inspected the Payment Register Detail Report and identified the Township had expenditures subject to competitive bidding. We found no exceptions.
2. We selected one contract over \$45,000 for 2022 and one from 2021 to Integrity Paving and Larry Lang Excavating, respectively, and noted the Township did not follow competitive bidding procedures in accordance with Ohio Rev. Code § 5575.01. However, no apparent interest in the contract by a public official occurred

Other Compliance

1. Ohio Rev. Code § 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the years ended December 31, 2022 and 2021 in the Hinkle system. We found no exceptions.
2. We inquired of the Fiscal Officer to determine whether the Fiscal Officer obtained the training required by Ohio Rev. Code §§ 507.12 and 733.81. The Fiscal Officer obtained the required training.

We were engaged by the Township to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Township and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.



Keith Faber
Auditor of State
Columbus, Ohio

June 21, 2024

OHIO AUDITOR OF STATE KEITH FABER



SALEM TOWNSHIP

WASHINGTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 7/9/2024

65 East State Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov