

SHALERSVILLE TOWNSHIP
Portage County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

| | General | Special Revenue | Capital Projects | Permanent | Totals (Memorandum Only) |
|---|-------------------------|---------------------------|------------------------|-----------------------|-----------------------------|
| Cash Receipts | | | | | |
| Property and Other Local Taxes | 154,678 | 178,123 | - | - | \$332,801 |
| Charges for Services | - | 1,750 | - | - | 1,750 |
| Licenses, Permits and Fees | 148,333 | - | - | - | 148,333 |
| Intergovernmental | 93,284 | 531,767 | - | - | 625,051 |
| Special Assessments | - | 5,358 | - | - | 5,358 |
| Earnings on Investments | 5,309 | 152 | - | 6 | 5,467 |
| Miscellaneous | 350,284 | 83,500 | - | - | 433,784 |
| <i>Total Cash Receipts</i> | <u>751,888</u> | <u>800,650</u> | <u>0</u> | <u>6</u> | <u>1,552,544</u> |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| General Government | 414,735 | 145,108 | - | - | 559,843 |
| Public Safety | - | 1,081 | - | - | 1,081 |
| Public Works | 2,500 | 336,933 | - | - | 339,433 |
| Health | 20,933 | - | - | - | 20,933 |
| Human Services | - | 5,396 | - | - | 5,396 |
| Conservation-Recreation | 13,309 | - | - | - | 13,309 |
| Capital Outlay | 45,876 | 14,559 | - | - | 60,435 |
| Debt Service: | | | | | |
| Principal Retirement | - | - | 25,941 | - | 25,941 |
| Interest and Fiscal Charges | - | - | 6,016 | - | 6,016 |
| <i>Total Cash Disbursements</i> | <u>497,353</u> | <u>503,077</u> | <u>31,957</u> | <u>-</u> | <u>1,032,387</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>254,535</u> | <u>297,573</u> | <u>(31,957)</u> | <u>6</u> | <u>520,157</u> |
| Other Financing Receipts (Disbursements) | | | | | |
| Transfers In | - | - | 32,014 | - | 32,014 |
| Transfers Out | (16,000) | (16,014) | - | - | (32,014) |
| Other Financing Uses | (14,473) | - | - | - | (14,473) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(30,473)</u> | <u>(16,014)</u> | <u>32,014</u> | <u>-</u> | <u>(14,473)</u> |
| <i>Net Change in Fund Cash Balances</i> | 224,062 | 281,559 | 57 | 6 | 505,684 |
| <i>Fund Cash Balances, January 1</i> | <u>314,577</u> | <u>812,933</u> | <u>15,023</u> | <u>2,071</u> | <u>1,144,604</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$538,639</u></u> | <u><u>\$1,094,492</u></u> | <u><u>\$15,080</u></u> | <u><u>\$2,077</u></u> | <u><u>\$1,650,288</u></u> |

See accompanying notes to the basic financial statements

This page intentionally left blank.

Shalersville Township
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Shalersville Township, Portage County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, and cemetery maintenance. The Township contracts with the Mantua-Shalersville Fire District to provide fire services and to provide ambulance services

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in The Ohio Township Association Risk Management (OTARMA), a public entity risk pool. Note 6 and Note 9 to the financial statements provides additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which is organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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 account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund The road and bridge fund receives property tax money for construction, maintaining, and repairing township roads.

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Shalersville Township
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Coronavirus Relief Fund The coronavirus relief fund receives restricted grants related to the COVID-19 pandemic and accounts for necessary disbursements incurred due to the public health emergency.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds.

2019 Ford 250 Truck Fund Lease to own a 2019 Ford 250 Truck.

Sanicky Property Fund Purchase of property for future development located adjacent to the Town Hall at 9080 St. St. Rt. 44, Ravenna, OH 44266

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

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. Unencumbered appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be appropriated. Encumbrances outstanding at year end are canceled, and appropriated in the subsequent year.

Shalersville Township
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchase or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The Township's accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

Restricted Fund Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Shalersville Township
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2022 follows:

| 2022 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$579,495 | \$751,888 | \$172,393 |
| Special Revenue | 768,388 | 800,650 | 32,262 |
| Capital Projects | 123,513 | 32,014 | (91,499) |
| Permanent | | 6 | 6 |
| Total | \$1,471,396 | \$1,584,558 | \$113,162 |

| 2022 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$649,232 | \$534,530 | \$114,702 |
| Special Revenue | 935,657 | 523,451 | 412,206 |
| Capital Projects | 134,677 | 31,957 | 102,720 |
| Permanent | 0 | 0 | 0 |
| Total | \$1,719,566 | \$1,089,938 | \$629,628 |

Note 4– Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposits and investment accounts are as follows:

| | <u>2022</u> |
|--|------------------|
| Cash Management Pool: | |
| Demand deposits | \$1,006,057 |
| Certificates of deposit | 512,982 |
| Other time deposits (savings and NOW accounts) | 160,825 |
| Total deposits | 1,679,864 |

Shalersville Township
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Deposits

Deposits are collateralized through by the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 6 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | |
|-----------------------|--------------|
| | <u>2022</u> |
| Cash and investments | \$32,288,098 |
| Actuarial liabilities | \$9,146,434 |

Shalersville Township
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Ten Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

| <i>Retirement Rates</i> | <i>Year</i> | <i>Member Rate</i> | <i>Employer Rate</i> |
|-------------------------|------------------|--------------------|----------------------|
| <i>OPERS – Local</i> | <i>2012-2022</i> | <i>10.00%</i> | <i>14.00%</i> |

Social Security

One Township employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS member in the member-directed plan was 4.0 percent during calendar year 2022.

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

Shalersville Township
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

| | Principal | Interest Rate |
|--------------------------|-----------|---------------|
| General Obligation Notes | 87,628 | 5% |
| Total | \$87,628 | |

The Township has a note with The Middlefield Banking Company to purchase property adjacent to the Town Hall, for future development. The Note was for \$124,250. The Township agrees to pay this note in 20 payments of \$7,972 twice a year. The payment started in October 19, 2019 and will be due on the same day each 6 months thereafter. The Interest is 4.93%

Financed Purchases

The Township has entered into a financed purchase agreement for a vehicle where ownership of the underlying asset transfers to the Township by the end of the contract. The Township disbursed \$16,014 to pay these cost for fiscal year ended December 31, 2022.

Amortization

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

| Year Ending | Finance | General |
|---------------------|------------------|-------------------|
| <u>December 31:</u> | <u>Purchases</u> | <u>Obligation</u> |
| | | Notes |
| 2023 | 16,014 | 15,943 |
| 2024 | | 15,943 |
| 2025 | | 15,943 |
| 2026 | | 15,943 |
| 2027 | | 15,943 |
| 2028-2029 | | 24,023 |
| Total | \$16,014 | \$103,738 |

Note 10 – Jointly Governed Organizations

The Township participates in one jointly governed organization. This organization is the Mantua-Shalersville Fire District. This Fire District consists of Shalersville Township, Mantua Township and the Village of Mantua. The Fire District is supported by its own property tax levies and its governed by a three-member Board of Trustees. Each member community appoints one Trustee. The Fire District also employs its own Fiscal Officer to oversee its finances.

Note 11 – Fund Balances

Included in fund balances are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the undependable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amount were as follows:

Shalersville Township
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

| Fund Balances | General | Special Revenue | Capital Projects | Permanent | Total |
|--------------------------|---------|--------------------|---------------------|-----------|---------|
| Nonspendable: | | | | | |
| Corpus | | | | 2,077 | 2,077 |
| Outstanding Encumbrances | 2,952 | 4,360 | 0 | 0 | 7,312 |
| Total | \$2,952 | \$4,360 | \$0 | \$2,077 | \$9,389 |

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022 the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2022, the Township received \$1,182 as an on-behalf of grant from another government. The Portage County Auditors. These amounts are recorded in the applicable Special Revenue Fund.

During 2022, The Township received \$297,156 *federal funding by program (American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund* These amounts are recorded in the applicable Special Revenue Fund.

SHALERSVILLE TOWNSHIP
Portage County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

| | General | Special Revenue | Capital Projects | Permanent | Totals (Memorandum Only) |
|---|-------------------------|-------------------------|------------------------|-----------------------|--------------------------------|
| Cash Receipts | | | | | |
| Property and Other Local Taxes | 132,914 | 153,156 | - | - | \$286,070 |
| Charges for Services | - | 7,788 | - | - | 7,788 |
| Licenses, Permits and Fees | 49,934 | - | - | - | 49,934 |
| Intergovernmental | 78,528 | 549,045 | - | - | 627,573 |
| Special Assessments | - | 5,563 | - | - | 5,563 |
| Earnings on Investments | 2,357 | 197 | - | 4 | 2,558 |
| Miscellaneous | 81,632 | - | - | - | 81,632 |
| <i>Total Cash Receipts</i> | <u>345,365</u> | <u>715,749</u> | <u>-</u> | <u>4</u> | <u>1,061,118</u> |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| General Government | 300,986 | 33,303 | - | - | 334,289 |
| Public Safety | - | 86,000 | - | - | 86,000 |
| Public Works | 2,550 | 280,561 | - | - | 283,111 |
| Health | 22,836 | 1,351 | - | - | 24,187 |
| Human Services | - | 5,084 | - | - | 5,084 |
| Conservation-Recreation | 9,467 | - | - | - | 9,467 |
| Capital Outlay | - | 10,000 | - | - | 10,000 |
| Debt Service: | | | | | |
| Principal Retirement | - | - | 24,719 | - | 24,719 |
| Interest and Fiscal Charges | - | - | 7,238 | - | 7,238 |
| <i>Total Cash Disbursements</i> | <u>335,839</u> | <u>416,299</u> | <u>31,957</u> | <u>-</u> | <u>784,095</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>9,526</u> | <u>299,450</u> | <u>(31,957)</u> | <u>4</u> | <u>277,023</u> |
| Other Financing Receipts (Disbursements) | | | | | |
| Transfers In | - | 6,136 | 46,980 | - | 53,116 |
| Transfers Out | (16,000) | (37,116) | - | - | (53,116) |
| Other Financing Uses | (15,613) | - | - | - | (15,613) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(31,613)</u> | <u>(30,980)</u> | <u>46,980</u> | <u>-</u> | <u>(15,613)</u> |
| <i>Net Change in Fund Cash Balances</i> | (22,087) | 268,470 | 15,023 | 4 | 261,410 |
| <i>Fund Cash Balances, January 1</i> | <u>336,664</u> | <u>544,463</u> | <u>-</u> | <u>2,067</u> | <u>883,194</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$314,577</u></u> | <u><u>\$812,933</u></u> | <u><u>\$15,023</u></u> | <u><u>\$2,071</u></u> | <u><u>\$1,144,604</u></u> |

See accompanying notes to the basic financial statements

This page intentionally left blank.

Shalersville Township
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Shalersville Township, Portage County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, and cemetery maintenance. The Township contracts with the Mantua-Shalersville Fire District to provide fire services and to provide ambulance services

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in The Ohio Township Association Risk Management (OTARMA), a public entity risk pool. Note 6 and Note 9 to the financial statements provides additional information for these entities. The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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 account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund The road and bridge fund receives property tax money for construction, maintaining, and repairing township roads.

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Shalersville Township
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Coronavirus Relief Fund The coronavirus relief fund receives restricted grants related to the COVID-19 pandemic and accounts for necessary disbursements incurred due the public health emergency.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital projects funds.

2019 Ford 250 Truck Fund Lease to own a 2019 Ford 250 Truck.

Sanicky Property Fund Purchase of property for future development located adjacent to the Town Hall, 9080 St., St. R. 44, Ravenna, OH 44266

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

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. Unencumbered appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be appropriated.

Shalersville Township
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. The basis does not record disbursements for investment purposes or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The Township's accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Shalersville Township
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

For regulatory purposes, limited disclosures related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2021 follows:

| 2021 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$302,976 | \$345,365 | \$42,389 |
| Special Revenue | 645,705 | 721,885 | 76,180 |
| Capital Projects | 32,200 | 46,980 | 14,780 |
| Permanent | | 4 | 4 |
| Total | \$980,881 | \$1,114,234 | \$133,353 |

| 2021 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$450,822 | \$373,246 | \$77,576 |
| Special Revenue | 818,212 | 458,565 | 359,647 |
| Capital Projects | 32,200 | 31,957 | 243 |
| Permanent | 0 | 0 | 0 |
| Total | \$1,301,234 | \$863,768 | \$437,466 |

Note 4– Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposits and investments are accounts are as follows:

| | 2021 |
|--|-----------|
| <i>Cash Management Pool:</i> | |
| Demand deposits | \$497,154 |
| Certificates of deposit | 509,659 |
| Other time deposits (savings and NOW accounts) | 160,496 |
| Total deposits | 1,167,309 |

Deposits

Deposits are collateralized through by the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

Shalersville Township
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 6 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | |
|-----------------------|--------------|
| | <u>2021</u> |
| Cash and investments | \$34,880,599 |
| Actuarial liabilities | \$10,601,444 |

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Shalersville Township
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Ten Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021

| <i>Retirement Rates</i> | <i>Year</i> | <i>Member Rate</i> | <i>Employer Rate</i> |
|-------------------------|------------------|--------------------|----------------------|
| <i>OPERS – Local</i> | <i>2012-2021</i> | <i>10.00%</i> | <i>14.00%</i> |

Social Security

One Township employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

| | | |
|--------------------------|------------------|----------------------|
| | <u>Principal</u> | <u>Interest Rate</u> |
| General Obligation Notes | 98,772 | 5% |
| Total | <u>\$98,772</u> | |

The Township has a note with The Middlefield Banking Company to purchase property adjacent to the Town Hall, for future development. The Note was for \$124,250. The Township agrees to pay this note in 20 payments of \$7,972 twice a year. The payment started in October 19, 2019 and will be due on the same day each 6 months thereafter. The Interest is 4.93%

Financed Purchases

Shalersville Township
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

The Township has entered into a financed purchase agreement for a vehicle where ownership of the underlying asset transfers to the Township by the end of the contract. The Township disbursed \$16,014 to pay these cost for fiscal year ended December 31, 2021.

Amortization

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

| Year Ending December 31: | Finance Purchases | General Obligation Notes |
|-----------------------------|----------------------|--------------------------------|
| 2022 | \$16,014 | \$15,943 |
| 2023 | 16,014 | 15,943 |
| 2024 | | 15,943 |
| 2025 | | 15,943 |
| 2026 | | 15,943 |
| 2027-2029 | | 39,966 |
| Total | <u>\$32,028</u> | <u>\$119,681</u> |

Note 10 – Jointly Governed Organizations

The Township participates in one jointly governed organization. This organization is the Mantua-Shalersville Fire District. This Fire District consists of Shalersville Township, Mantua Township and the Village of Mantua. The Fire District is supported by its own property tax levies and its governed by a three-member Board of Trustees. Each member community appoints one Trustee. The Fire District also employs its own Fiscal Officer to oversee its finances.

Note 11 – Fund Balances

Included in fund balances are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the undependable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amount were as follows:

| Fund Balances | General | Special Revenue | Capital Projects | Permanent | Total |
|--------------------------|----------------|--------------------|---------------------|----------------|-----------------|
| Nonspendable: | | | | | |
| Corpus | | | | 2,071 | 2,071 |
| Outstanding Encumbrances | 5,795 | 5,151 | 0 | 0 | 10,946 |
| Total | <u>\$5,795</u> | <u>\$5,151</u> | <u>\$0</u> | <u>\$2,071</u> | <u>\$13,017</u> |

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects and permanent funds

Shalersville Township
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2021, The Township received \$295,974 for the American Rescue Plan Act (ARPA). These amounts are recorded in the applicable Special Revenue Fund.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Shalersville Township
Portage County
9090 State Route 44
Shalersville, Ohio 44266

To the Board of Trustees:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements, of Shalersville Township, Portage County, (the Township) and have issued our report thereon dated January 4, 2024 wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit, and wherein we noted the Township referred to the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

Efficient • Effective • Transparent

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 4, 2024

**SHALERSVILLE TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

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

1. Budgetary Presentation

FINDING NUMBER 2022-001

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Additionally, sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The Township did not post the amended appropriations and estimated resources to the accounting system. Failure to accurately post the amended appropriations and estimated resources resulted in inaccurate reporting of the budgetary information in the financial statements. The following errors were noted in the Notes to the financial statements regarding "Budgetary Activity."

During 2021:

- Special Revenue Fund and Capital Projects Fund budgeted receipts per the budgetary note were reported at \$349,731 and \$46,980 rather than \$645,705 and \$32,200 respectively, which agrees to the Amended Official Certificate of Estimated Resources.
- Special Revenue Fund actual receipts per the budgetary note were reported at \$424,001 rather than \$721,855.
- General Fund, Special Revenue Fund, and Capital Projects Fund appropriation authority per the budgetary note were reported at \$490,822, \$496,279 and \$46,980 rather than \$450,822, \$818,212 and \$32,200 respectively, which agrees to the Appropriation Resolution.

- General Fund and Special Revenue Fund budgetary expenditures per the budgetary note were reported at \$367,451 and \$334,429 rather than \$373,246 and \$458,565 respectively, which agrees to the Township's accounting system.

During 2022:

- Capital Project Fund actual receipts per the budgetary note were reported at \$37,371 rather than \$32,014 .
- General Fund and Special Revenue Fund appropriation authority per the budgetary note were reported at \$643,437 and \$633,350 rather than \$649,232 and \$935,657 respectively, which agrees to the Appropriation Resolution.
- General Fund, Special Revenue Fund, and Capital Projects Fund budgetary expenditures per the budgetary note were reported at \$849,140, \$716,850 and \$134,677 rather than \$534,530, \$523,451 and \$31,957 respectively, which agrees to the Township's accounting system.

Budgetary information disclosed in the notes to the financial statements should reflect the Township's actual budgetary activity through the fiscal year. The errors were caused by a lack of management procedures or policies in place to help ensure the accurate presentation of note disclosure information and management's failure to post the amended budgetary activity to the accounting system.

The Township's budgetary information within Note 3 of the financial statements has been corrected for the above errors.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Board. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Additionally, management should implement procedures or policies to help ensure complete and accurate reporting of the financial statements and accompanying notes. The procedures should include the Fiscal Officer's, or an appointed representative's, review of the Township's year-end financial statements and notes to the financial statements for accuracy, reasonableness and consistency between years.

Official's Response: We did not receive a response from Officials to this finding.

OHIO AUDITOR OF STATE KEITH FABER



SHALERSVILLE TOWNSHIP

PORTAGE 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 2/8/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov