

Salem Township  
Meigs County  
Regular Audit  
For the Years Ended December 31, 2019 and 2018



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OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Board of Trustees  
Salem Township  
28560 State Route 124  
Langsville, OH 45741

We have reviewed the *Independent Auditor's Report* of Salem Township, Meigs County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

December 14, 2020

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**Salem Township**  
**Meigs County**  
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*For the Years Ended December 31, 2019 and 2018*

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**Independent Auditor's Report**

Board of Trustees  
Salem Township  
Meigs County  
28560 State Route 124  
Langsville, Ohio 45741

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Salem Township, Meigs County, (the Township) as of and for the years ended December 31, 2019 and 2018.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Township has prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Salem Township, Meigs County, as of December 31, 2019 and 2018, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

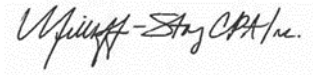
As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2020, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Salem Township  
Meigs County  
Independent Auditor's Report  
Page 3

A handwritten signature in black ink that reads "Millhuff-Stang CPA, Inc." The signature is written in a cursive, flowing style.

Millhuff-Stang, CPA, Inc.  
Portsmouth, Ohio

August 24, 2020

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**Salem Township**  
**Meigs County**  
*Combined Statement of Receipts, Disbursements and*  
*Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2019*

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$9,690	\$95,136	\$104,826
Intergovernmental	27,614	161,271	188,885
Earnings on Investments	429	336	765
Miscellaneous	1,150	800	1,950
<b>Total Cash Receipts</b>	<b>38,883</b>	<b>257,543</b>	<b>296,426</b>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
General Government	35,701	42,734	78,435
Public Safety	0	8,229	8,229
Public Works	0	168,055	168,055
Health	9,000	12,318	21,318
<b>Debt Service:</b>			
Redemption of Principal	0	12,461	12,461
Interest and Other Fiscal Charges	0	1,807	1,807
<b>Total Cash Disbursements</b>	<b>44,701</b>	<b>245,604</b>	<b>290,305</b>
<b>Net Change in Fund Cash Balances</b>	<b>(5,818)</b>	<b>11,939</b>	<b>6,121</b>
<b>Fund Cash Balances, January 1</b>	<b>36,412</b>	<b>101,566</b>	<b>137,978</b>
<b>Restricted for:</b>			
Cemetery	0	3,893	3,893
Fire Protection and Emergency Medical Services	0	14,050	14,050
Other Purposes	0	39,384	39,384
Road and Bridge Maintenance and Improvements	0	46,308	46,308
Committed	0	9,870	9,870
Unassigned	30,594	0	30,594
<b>Fund Cash Balances, December 31</b>	<b>\$30,594</b>	<b>\$113,505</b>	<b>\$144,099</b>

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

**Salem Township**  
**Meigs County**  
*Statement of Receipts, Disbursements and*  
*Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2019*

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	<u>Private Purpose Trust</u>
Fund Cash Balances, January 1	<u>\$5,060</u>
Fund Cash Balances, December 31	<u><u>\$5,060</u></u>

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

**Salem Township**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 - Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Salem Township, Meigs County, Ohio (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 services. The Township contracts with the Village of Racine to provide fire protection services.

***Public Entity Risk Pool***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 9 to the financial statements provides additional information for this entity.

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 and a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the fiduciary fund type.

***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:

*Gasoline Tax Fund* This fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

*Road Levy* This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

*Fiduciary Funds* Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's private purpose trust fund is for the benefit of certain individuals for the care and upkeep of their graves.

**Salem Township**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***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 (D). 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 (D) 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. Appropriations lapse at year-end.

*Estimated Resources* Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 cancelled and reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 4.

***Deposits and Investments***

The Township had one primary interest bearing checking account during the year.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The 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 on 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.

**Salem Township**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

*Restricted* 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*. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

*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.

**Note 3 - Compliance**

Contrary to Ohio law, the Township did not always certify the availability of funds prior to the commitment being incurred. Contrary to Ohio law, the Township entered into a promissory note without statutory provision authorizing the method of incurring the debt. Contrary to Ohio law, the Township did not approve, or file with the County Auditor, appropriations for the fiscal year. Consequently, also contrary to Ohio law, the Township had expenditures in excess of appropriations in all funds. Contrary to Ohio law, the Township did not maintain copies of minutes for two months' meetings.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 as follows:

Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$35,342	\$38,883	\$3,541
Special Revenue	<u>197,112</u>	<u>257,543</u>	<u>60,431</u>
Total	<u>\$232,454</u>	<u>\$296,426</u>	<u>\$63,972</u>

**Salem Township**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 4 - Budgetary Activity (Continued)**

Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$0	\$44,701	(\$44,701)
Special Revenue	<u>0</u>	<u>245,604</u>	<u>(245,604)</u>
Total	<u>\$0</u>	<u>\$290,305</u>	<u>(\$290,305)</u>

**Note 5 - Deposits and Investments**

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits as of December 31, 2019 was as follows:

Demand Deposits	\$149,159
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Deposits are insured by the Federal Depository Insurance Corporation.

**Note 6 - 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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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 healthcare 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, 2019.

**Note 8 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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 Traditional Pension Plan and Combined Plan was 0 percent during the calendar year 2019.



**Salem Township**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 9 - Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty and Property Coverage**

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2019, OTARMA retained \$500,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**Financial Position**

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2019:

Assets	\$46,315,535
Liabilities	<u>11,571,566</u>
Net Position	<u>\$34,743,969</u>

At December 31, 2019, the liabilities above include approximately \$10.5 million of estimated incurred claims payable. The assets above also include approximately \$8.7 million of unpaid claims to be billed to approximately 1,024 member governments in the future, as of December 31, 2019. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2019, the Township's share of these unpaid claims collectible in future years is approximately \$4,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership

2019 Contributions to OTARMA
<hr/>
\$8,433

**Salem Township**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 9 - Risk Management (Continued)**

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 10 - Debt**

Debt outstanding at December 31, 2019, was as follow:

	<u>Principal</u>	<u>Interest Rate</u>
Backhoe Loader	\$33,484	3.00%
Genesis E-Force Tool	<u>7,904</u>	4.00%
	<u>\$41,388</u>	

The Township obtained a loan through KS State Bank to finance the purchase of a new backhoe loader for township road maintenance. The purchased equipment collateralized the loan. Additionally, the Township obtained a loan through Farmers Bank to finance the purchase of a Jaws of Life tool. The tool collateralized the loan.

*Amortization*

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

<u>Year Ending</u> <u>December 31:</u>	<u>Backhoe Loader</u> <u>Loan</u>	<u>Jaws of Life</u> <u>Loan</u>
2020	\$11,874	\$2,394
2021	11,874	2,394
2022	11,874	2,394
2023	<u>0</u>	<u>2,394</u>
Total	<u>\$35,622</u>	<u>\$9,576</u>

**Note 11 – Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. In addition, the impact of the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 12 – Related Party Transaction**

A Township Trustee's nephew was hired under contract to mow the Township's cemeteries for the contracted amount of \$11,000. The Township paid \$15,583 to the Trustee's nephew for mowing services during the year which was \$4,583 more than the original contracted amount.

**Salem Township**  
**Meigs County**  
*Combined Statement of Receipts, Disbursements and*  
*Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2018*

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property and Other Local Taxes	\$9,670	\$94,411	\$104,081
Intergovernmental	27,664	139,023	166,687
Earnings on Investments	459	517	976
Miscellaneous	1,762	900	2,662
	<hr/>		
Total Cash Receipts	39,555	234,851	274,406
Cash Disbursements:			
Current:			
General Government	44,174	46,954	91,128
Public Safety	0	10,017	10,017
Public Works	0	196,474	196,474
Health	0	13,420	13,420
Capital Outlay	0	23,391	23,391
Debt Service:			
Redemption of Principal	0	12,139	12,139
Interest and Other Fiscal Charges	0	2,129	2,129
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Total Cash Disbursements	44,174	304,524	348,698
	<hr/>		
Total Cash Receipts Under Cash Disbursements	(4,619)	(69,673)	(74,292)
Other Financing Receipts and Disbursements:			
Transfers Out	(2,000)	0	(2,000)
Loans Issued	0	11,856	11,856
Transfers In	0	2,000	2,000
	<hr/>		
Total Other Financing Receipts and Disbursements	(2,000)	13,856	11,856
	<hr/>		
Net Change in Fund Cash Balances	(6,619)	(55,817)	(62,436)
Fund Cash Balances, January 1	43,031	157,383	200,414
	<hr/>		
Restricted for:			
Cemetery	0	3,372	3,372
Fire Protection and Emergency Medical Services	0	12,839	12,839
Other Purposes	0	12,435	12,435
Road and Bridge Maintenance and Improvements	0	60,942	60,942
Committed	0	11,978	11,978
Unassigned	36,412	0	36,412
	<hr/>		
Fund Cash Balances, December 31	\$36,412	\$101,566	\$137,978
	<hr/>		

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

**Salem Township**  
**Meigs County**  
*Statement of Receipts, Disbursements and*  
*Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2018*

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	<u>Private Purpose Trust</u>
Fund Cash Balances, January 1	<u>\$5,060</u>
Fund Cash Balances, December 31	<u><u>\$5,060</u></u>

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

**Salem Township**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 - Reporting Entity**

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***Public Entity Risk Pool***

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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 and a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the fiduciary fund type.

***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:

*Gasoline Tax Fund* This fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

*Road Levy* This fund receives property tax money for constructing, maintain, and repairing Township roads and bridges.

*Fiduciary Funds* Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's private purpose trust fund is for the benefit of certain individuals for the care and upkeep of their graves.

**Salem Township**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***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 (D). 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 (D) 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. Appropriations lapse at year-end.

*Estimated Resources* Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 cancelled and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 4.

***Deposits and Investments***

The Township had one primary interest bearing checking accounting during the year.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The 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.

**Salem Township**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

*Restricted* 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*. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

*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.

**Note 3 - Compliance**

Contrary to Ohio law, the Township did not always certify the availability of funds prior to the commitment being incurred. Contrary to Ohio law, the Township entered into a promissory note without statutory provision authorizing the method of incurring the debt. Contrary to Ohio law, the Township had appropriations in excess of estimated resources in the General Fund. Contrary to Ohio law, the Township did not maintain copies of minutes for three months' meetings.

**Note 4 - Budgetary Activity**

Budgetary activity for the years ending December 31, 2018 as follows:

Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$34,368	\$39,555	\$5,187
Special Revenue	<u>227,371</u>	<u>248,707</u>	<u>21,336</u>
Total	<u>\$261,739</u>	<u>\$288,262</u>	<u>\$26,523</u>

**Salem Township**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 4 - Budgetary Activity (Continued)**

Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$79,277	\$46,174	\$33,103
Special Revenue	<u>363,160</u>	<u>304,524</u>	<u>58,636</u>
Total	<u>\$442,437</u>	<u>\$350,698</u>	<u>\$91,739</u>

**Note 5 - Deposits and Investments**

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits as of December 31, 2018 was as follows:

Demand Deposits	\$143,038
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Deposits are insured by the Federal Depository Insurance Corporation.

**Note 6 - 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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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 healthcare 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, 2018.

**Note 8 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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 Traditional Pension Plan and Combined Plan was 0 percent during the calendar year 2018.



**Salem Township**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 9 - Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty and Property Coverage**

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2018, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**Financial Position**

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2018:

Assets	\$41,593,920
Liabilities	<u>8,700,787</u>
Net Position	<u>\$32,893,133</u>

At December 31, 2018, the liabilities above include approximately \$7.9 million of estimated incurred claims payable. The assets above also include approximately \$7.2 million of unpaid claims to be billed to approximately 1,018 member governments in the future, as of December 31, 2018. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2018, the Township's share of these unpaid claims collectible in future years is approximately \$4,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership

2018 Contributions  
to OTARMA  

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\$8,439

**Salem Township**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 9 - Risk Management (Continued)**

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 10 - Debt**

Debt outstanding at December 31, 2018, was as follow:

	<u>Principal</u>	<u>Interest Rate</u>
Backhoe Loader	\$43,969	3.00%
Genesis E-Force Tool	<u>9,880</u>	4.00%
	<u>\$53,849</u>	

The Township obtained a loan through KS State Bank to finance the purchase of a new backhoe loader for township road maintenance. The purchased equipment collateralized the loan. Additionally, the Township obtained a loan through Farmers Bank to finance the purchase of a Jaws of Life tool. The tool collateralized the loan.

*Amortization*

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

Year Ending <u>December 31:</u>	Backhoe Loader <u>Loan</u>	Jaws of Life <u>Loan</u>
2019	\$11,874	\$2,394
2020	11,874	2,394
2021	11,874	2,394
2022	11,874	2,394
2023	<u>0</u>	<u>2,394</u>
Total	<u>\$47,496</u>	<u>\$11,970</u>

**Note 11 – Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. In addition, the impact of the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 12 – Related Party Transaction**

A Township Trustee's nephew was hired under contract to mow the Township's cemeteries for the contracted amount of \$11,000. The Township paid \$13,750 to the Trustee's nephew for mowing services during the year which was \$2,750 more than the original contracted amount.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

Board of Trustees  
Salem Township  
Meigs County  
28560 State Route 124  
Langsville, Ohio 45741

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Salem Township, Meigs County (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated August 24, 2020, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

**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) to determine the 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 entity'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 have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002 that we consider to be material weaknesses.

Salem Township  
Meigs County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

### **Compliance and Other Matters**

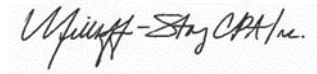
As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2019-003 through 2019-008.

### **Township's Responses to Findings**

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Township's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.  
Portsmouth, Ohio

August 24, 2020

**Salem Township**  
**Meigs County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2019 and 2018*

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<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2019-001**

**Material Weakness – Financial Reporting**

A monitoring system by the Township should be in place to prevent or detect misstatements for the accurate presentation of the Township’s financial statements. The Township misclassified homestead and rollback receipts as property tax receipts, as well as grant receipts and a BWC refund in 2018, and an IRP distribution in 2019. Additionally, the Township misclassified principal and interest payments and fund balances in 2018 and 2019. Further, the Township did not record loan proceeds or related capital outlay for its Jaws of Life loan obtained in 2018. Finally, the Township has a private purpose trust fund for which only earnings can be spent. Although funds are deposited into an interest-bearing account, this fund is not receiving an interest allocation each month. Certain items were corrected in the accompanying financial statements. Other items were deemed immaterial and were not corrected within the accompanying financial statements. We also noted various corrections required for the note disclosures.

We recommend the Township implement additional control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatements and misclassifications in the financial statements and note disclosures.

**Township Response:**

Township officials chose not to respond.

**Finding Number 2019-002**

**Material Weakness – Budgetary Information Within Accounting System**

Accurate budgetary information within the Township’s accounting system is pertinent to ensure that the Township has accurate and complete information for decision-making processes. Instances were identified in 2018 and 2019 where budgetary allocations recorded within UAN were not in agreement with the Board-approved documents. The Township should review budgeting and accounting processes and implement the appropriate steps to ensure that budgeted information within the accounting system is in agreement with formal approved documents.

**Township Response:**

Township officials chose not to respond.

**Finding Number 2019-003**

**Noncompliance Citation – Ohio Revised Code Section 5705.41(B)**

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. As stated in Ohio Revised Code Section 5705.39, no appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended certificate. For 2019, the Township had expenditures in excess of appropriations in all funds as the Township did not adopt or file appropriations. The Township should monitor financial activity to ensure their expenditures do not exceed the amount appropriated.

**Township Response:**

Township officials chose not to respond.

**Salem Township**  
**Meigs County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2019 and 2018*

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**Finding Number 2019-004**

**Noncompliance Citation – Ohio Revised Code Section 5705.41(D)**

Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Further, contracts and orders for expenditures lacking prior certification shall be null and void. There are several exceptions to the standard requirement stated above that a Fiscal Officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the Fiscal Officer can certify that both at the time that the contract or order was made ("then"), and at the time that the Fiscal Officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the organization can authorize the drawing of a warrant for the payment of the amount due. The organization has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution, amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the organization.

2. Blanket Certificate – Fiscal Officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Board may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation

Sixty-seven percent (67%) of the transactions tested were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence that the Township followed the aforementioned exceptions. In addition, the Board of Trustees did not establish a maximum amount for blanket certificates. The Township did not have sufficient internal controls in place to ensure the certification of the availability of funds. Failure to certify the availability of funds properly can result in overspending funds and negative cash balances.

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but is also a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used, and approved by resolution of the Township Trustees, where applicable. Further, the Trustees should establish, by ordinance or resolution, a maximum amount for any blanket certificates used by the Township.

**Salem Township**  
**Meigs County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2019 and 2018*

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**Finding Number 2019-004 (Continued)**

**Noncompliance Citation – Ohio Revised Code Section 5705.41(D) (Continued)**

**Township Response:**

Township officials chose not to respond.

**Finding Number 2019-005**

**Noncompliance Citation – Ohio Revised Code Section 133**

Ohio Revised Code Chapter 133 provides for various allowable methods for subdivisions to incur debt. Ohio Revised Code Section 133.22 states that a subdivision may issue anticipatory securities if it meets the requirements outlined in the statute. Ohio Revised Code Section 133.10 allows anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision.

Ohio Revised Code Section 133.15 states that a subdivision is authorized to issue securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct. Ohio Revised Code Section 133.18 states that the taxing authority of a subdivision, may by legislation submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

During 2018, the Township obtained a bank loan for the purchase of a Jaws of Life tool. During 2019 and 2018, the Township made principal payments on promissory notes in the amounts of \$12,461 and \$12,139, respectively. The promissory notes were used by the Township to finance the purchase of a backhoe loader and the aforementioned Jaws of Life tool.

This type of debt is not authorized in Ohio Rev. Code Chapter 133. Without a statutory provision authorizing this method for incurring debt, the Township was not permitted to use such a method. The Township had no statutory authority to incur through either installment loans or promissory notes with any banking institutions.

The Township should consult with legal counsel before incurring debt to determine if the debt is authorized by statute.

**Township Response:**

Township officials chose not to respond.

**Finding Number 2019-006**

**Noncompliance Citation – Ohio Revised Code Section 5705.38(A)**

Ohio Revised Code Section 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

**Salem Township**  
**Meigs County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2019 and 2018*

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**Finding Number 2019-006 (Continued)**

**Noncompliance Citation – Ohio Revised Code Section 5705.38(A) (Continued)**

During testing, we noted that 2019 appropriations were not adopted by the Trustees or filed with the County Auditor. The Township should implement procedures to ensure appropriation measures are adopted by the required date and are then filed with the County Auditor in a timely manner. Additionally, temporary appropriations should be passed on or before January 1 each year until a permanent appropriation measure is approved, if deemed necessary.

**Township Response:**

Township officials chose not to respond.

**Finding Number 2019-007**

**Noncompliance Citation – Ohio Revised Code Section 5705.39**

Ohio Revised Code Section 5705.39 states that total appropriations from each fund shall not exceed the total estimated resources. The Township had appropriations in excess of estimated resources in the General Fund in 2018. The Township should implement the appropriate procedures, such as periodic comparisons of estimated resources to appropriations, to ensure that appropriations are limited to estimated resources to ensure improper spending does not occur.

**Township Response:**

Township officials chose not to respond.

**Finding Number 2019-008**

**Noncompliance Citation – Ohio Revised Code Section 122.22(C)**

Ohio Revised Code Section 121.22(C) states, in part, that the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection.

We noted that the Township did not maintain the original, signed copies of the minutes for the meetings held in October, November, and December 2018, as well as February and June 2019. The Township should implement the appropriate procedures to ensure that original, signed copies of the minutes are maintained for every meeting held by the Trustees.

**Township Response:**

Township officials chose not to respond.



**Salem Township**  
**Meigs County**  
*Schedule of Prior Audit Findings*  
*For the Years Ended December 31, 2019 and 2018*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
Finding 2017-001	Noncompliance Citation – Ohio Revised Code Section 133	No	Reissued as Finding 2019-005
Finding 2017-002	Noncompliance Citation – Ohio Revised Code Section 5705.38(A)	No	Reissued as Finding 2019-006
Finding 2017-003	Noncompliance Citation – Ohio Revised Code Section 5705.39	No	Reissued as Finding 2019-007
Finding 2017-004	Noncompliance Citation – Ohio Revised Code Section 5705.41(B)	No	Reissued as Finding 2019-003
Finding 2017-005	Noncompliance Citation – Ohio Revised Code Section 5705.41(D)(1)	No	Reissued as Finding 2019-004
Finding 2017-006	Material Weakness – Budgetary Information Within Accounting System	No	Reissued as Finding 2019-002
Finding 2017-007	Material Weakness – Financial Reporting	No	Reissued as Finding 2019-001

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# OHIO AUDITOR OF STATE KEITH FABER



**SALEM TOWNSHIP**

**MEIGS 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 12/29/2020**

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](http://www.ohioauditor.gov)