



OHIO AUDITOR OF STATE
KEITH FABER



**SALINE TOWNSHIP
JEFFERSON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Saline Township
Jefferson County
P.O. Box 177
Hammondsville, Ohio 43930

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Saline Township, Jefferson County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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 2021 and 2020, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 13 to the 2020 financial statements, fund balances were restated for voided checks and an adjustment for insurance premiums paid from the wrong fund. Also, as discussed in Notes 12 to the 2021 and 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.



Keith Faber
Auditor of State
Columbus, Ohio

October 18, 2022

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Saline Township
Jefferson 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	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$468,666	\$524,899	\$993,565
Charges for Services		3,100	3,100
Licenses, Permits and Fees	4,556	61,952	66,508
Fines and Forfeitures	17,305		17,305
Intergovernmental	63,308	358,867	422,175
Earnings on Investments	731	72	803
Miscellaneous	50,353	27,050	77,403
<i>Total Cash Receipts</i>	<u>604,919</u>	<u>975,940</u>	<u>1,580,859</u>
Cash Disbursements			
Current:			
General Government	321,741	339,604	661,345
Public Safety	264,118	198,366	462,484
Public Works		200,771	200,771
Health	13,485	4,047	17,532
Human Services		3,620	3,620
Capital Outlay	7,999	110,758	118,757
Debt Service:			
Principal Retirement	13,800	46,389	60,189
Interest and Fiscal Charges	1,443	2,130	3,573
<i>Total Cash Disbursements</i>	<u>622,586</u>	<u>905,685</u>	<u>1,528,271</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(17,667)</u>	<u>70,255</u>	<u>52,588</u>
Other Financing (Disbursements)			
Other Financing Uses	(7,509)		(7,509)
<i>Total Other Financing (Disbursements)</i>	<u>(7,509)</u>	<u>0</u>	<u>(7,509)</u>
<i>Net Change in Fund Cash Balances</i>	(25,176)	70,255	45,079
<i>Fund Cash Balances, January 1</i>	<u>83,839</u>	<u>356,189</u>	<u>440,028</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$58,663</u></u>	<u><u>\$426,444</u></u>	<u><u>\$485,107</u></u>

See accompanying notes to the basic financial statements

Saline Township
Jefferson 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 Saline Township, Jefferson 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Irondale and the Village of Stratton to provide fire services. The Township also provides van services for elderly and handicap persons.

Public Entity Risk Pool

The Township participates in Ohio Township Association Risk Management Authority (OTARMA) a public entity risk pool. The OTARMA provides Property and casualty coverage for its members. See Note 7.

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.

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:

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.

Fire Fund The fire fund receives revenue from a tax levied for fire protection and also from contracts with other local governments for services.

Emergency Management Services This emergency management services fund receives revenue from a tax levied for EMS services.

Saline Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 reappropriated.

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases 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 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.

Saline Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 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 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.

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

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceed appropriation authority in the Road and Bridge, Gasoline Tax, FEMA and Federal ARP Special Revenue funds in the amounts of \$74,464, \$6,355, \$286, and \$19,940 for the year ended December 31, 2021.

Saline Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$736,100	\$604,919	(\$131,181)
Special Revenue	991,706	975,940	(15,766)
Total	\$1,727,806	\$1,580,859	(\$146,947)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$718,729	\$630,719	\$88,010
Special Revenue	820,948	907,627	(86,679)
Total	\$1,539,677	\$1,538,346	\$1,331

Note 5 – Deposits and Investments

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

	2021
Demand deposits	\$485,017

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through 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 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 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.

Saline Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Risk Management

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.

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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. OPERS Public Safety members contributed 12 percent of their gross salaries and the Township contributed an amount equaling 18.10 percent. The Township has paid all contributions required through December 31, 2021.

Saline Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – 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 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 10 – Debt

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

	Principal	Interest Rate
Tractor Lease	\$11,435	3.35%
Track Hoe Loan	\$31,857	2.75%
Police Cruisers	\$58,200	2.25%
Total	\$101,492	

The Township entered into a Master Tax-Exempt Lease/Purchase Agreement for the purchase of a tractor.

The Township entered into an installment loan for the purchase of a track hoe.

The Township issued general obligation bonds to finance the purchase of a police cruiser. The Township's taxing authority collateralized the bonds.

Amortization

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

Year Ending December 31:	Tractor	Track Hoe	Police Cruiser
2022	\$11,514	\$12,754	\$15,309
2023		12,754	15,395
2024		7,841	15,470
2025			15,338
Total	\$11,514	\$33,349	\$61,512

Saline Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Fund Balances

Included in fund balance are amounts the Township cannot spend. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Outstanding Encumbrances	624	1,942	2,566
Total	\$624	\$1,942	\$2,566

The fund balance of special revenue funds is either restricted or committed. These restricted and committed in the special revenue 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 emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will 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 \$46,143 as an on-behalf grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

Saline Township
Jefferson 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, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$469,095	\$508,297	\$977,392
Charges for Services	352	3,650	4,002
Licenses, Permits and Fees	4,176	45,823	49,999
Fines and Forfeitures	11,474		11,474
Intergovernmental	143,519	227,395	370,914
Earnings on Investments	560	70	630
Miscellaneous	176,587	79,263	255,850
<i>Total Cash Receipts</i>	<u>805,763</u>	<u>864,498</u>	<u>1,670,261</u>
Cash Disbursements			
Current:			
General Government	320,453	392,618	713,071
Public Safety	379,073	222,368	601,441
Public Works	1,864	162,427	164,291
Health	360	3,536	3,896
Human Services		1,265	1,265
Conservation-Recreation		119	119
Capital Outlay	193,296	48,216	241,512
Debt Service:			
Principal Retirement		47,687	47,687
Interest and Fiscal Charges		4,467	4,467
<i>Total Cash Disbursements</i>	<u>895,046</u>	<u>882,703</u>	<u>1,777,749</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(89,283)</u>	<u>(18,205)</u>	<u>(107,488)</u>
Other Financing Receipts (Disbursements)			
Sale of Bonds	72,000		72,000
Transfers In		2,772	2,772
Transfers Out	(2,772)		(2,772)
Other Financing Sources	154		154
Other Financing Uses	(22)		(22)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>69,360</u>	<u>2,772</u>	<u>72,132</u>
<i>Net Change in Fund Cash Balances</i>	(19,923)	(15,433)	(35,356)
<i>Fund Cash Balances, January 1 (Restated-See Note 13)</i>	<u>103,762</u>	<u>371,622</u>	<u>475,384</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$83,839</u></u>	<u><u>\$356,189</u></u>	<u><u>\$440,028</u></u>

See accompanying notes to the basic financial statements

Saline Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

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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

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Saline Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Basis of Accounting

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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 reappropriated.

A summary of 2020 budgetary activity appears in Note 4.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases 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 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.

Saline Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 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 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.

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

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceed appropriation authority in the General, and Motor Vehicle License, Gasoline Tax, Road and Bridge, Fire, Emergency Medical Service, Permissive Motor Vehicle, Coronavirus Relief Fund, and FEMA Special Revenue funds in the amounts of \$341,315, \$3,221, \$129,570, \$33,007, \$159,118, \$276,793, \$3,151, \$87,520, and \$1,457 for the year ended December 31, 2020.

Saline Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$946,150	\$877,917	(\$68,233)
Special Revenue	882,101	867,270	(14,831)
Total	\$1,828,251	\$1,745,187	(\$83,064)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$414,287	\$755,602	(\$341,315)
Special Revenue	214,407	885,349	(670,942)
Total	\$628,694	\$1,640,951	(\$1,012,257)

Note 5 – Deposits and Investments

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

	2020
Demand deposits	\$440,028

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through 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 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 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.

Saline Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Risk Management

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.

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>2020</u>
Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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. OPERS Public Safety members contributed 12 percent of their gross salaries and the Township contributed an amount equaling 18.10 percent. The Township has paid all contributions required through December 31, 2020.

Saline Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – 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 the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 10 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Tractor Lease	\$47,043	3.35%
Track Hoe Loan	\$42,639	2.75%
Police Cruisers	\$72,000	2.25%
Total	\$161,682	

The Township entered into a Master Tax-Exempt Lease/Purchase Agreement for the purchase of a tractor.

The Township entered into an installment loan for the purchase of a track hoe.

The Township issued general obligation bonds to finance the purchase of a police cruiser. The Township's taxing authority collateralized the bonds.

Amortization

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

Year Ending December 31:	Tractor	Track Hoe	Police Cruiser
2021	\$33,983	\$12,754	\$15,362
2022	16,992	12,754	15,310
2023		12,754	15,394
2024		11,690	15,471
2025			15,337
Total	\$50,975	\$49,952	\$76,874

Saline Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 – Fund Balances

Included in fund balance are amounts the Township cannot spend. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Outstanding Encumbrances	3,865	2,646	6,511
Total	\$3,865	\$2,646	\$6,511

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue 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. The financial impact of COVID-19 and the continuing emergency measures will 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 2020, the Township received \$87,520 as an on-behalf grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

Note 13 – RESTATEMENT OF FUND BALANCE

Fund balance in the General Fund and Special Revenue Fund has been restated for the year beginning January 1, 2020 for voided checks, and adjustment for insurance premiums paid from the wrong fund.

Fund Balances	General Fund	Special Revenue
Fund Balance at December 31, 2019	\$72,830	\$400,072
Adjustments	30,932	(28,450)
Fund Balance at January 1, 2020	\$103,762	\$371,622

OHIO AUDITOR OF STATE KEITH FABER



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

Saline Township
Jefferson County
P.O. Box 177
Hammondsville, Ohio 43930

To the Board of Trustees:

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 the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of Saline Township, Jefferson County, (the Township) and have issued our report thereon dated October 18, 2022, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We noted a restatement of fund balance in the 2020 financial statements, and we also noted the financial impact of COVID-19 and the ensuing emergency measures 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 purposes 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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. We consider the deficiencies described in the accompanying schedule of findings as items 2021-001, 2021-003 and 2021-004 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings as item 2021-002 to be a significant deficiency.

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 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 as items 2021-001 and 2021-002.

Purpose of this Report

This 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

October 18, 2022

**SALINE TOWNSHIP
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-001

Noncompliance and Material Weakness – Expenditures Exceeding Appropriations

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Township had expenditures in excess of appropriations as of December 31, 2021 and 2020, respectively, in the following funds:

2021

Fund	Appropriation	Expenditures Plus Encumbrances	Variance	Percent of Variance
Special Revenue:				
Road and Bridge	\$61,330	\$135,794	\$74,464	55%
Gasoline Tax	172,882	179,237	6,355	4%
FEMA	0	286	286	100%
Federal	0	19,940	19,940	100%

2020

Fund	Appropriation	Expenditures Plus Encumbrances	Variance	Percent of Variance
General	\$414,287	\$ 755,602	\$ 341,315	45%
Special Revenue:				
Motor Vehicle License	2,800	6,021	3,221	53%
Gasoline Tax	34,849	164,419	129,570	79%
Road and Bridge	9,854	42,861	33,007	77%
Fire	35,863	194,981	159,118	82%
Emergency Medical Service	75,829	352,622	276,793	78%
Permissive Motor Vehicle License	1,500	4,651	3,151	68%
Coronavirus Relief Fund	0	87,520	87,520	100%
FEMA	0	1,457	1,457	100%

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Board of Trustees should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditure.

FINDING NUMBER 2021-002

Noncompliance and Significant Deficiency – Payment of Withholdings

26 U.S.C. § 3402(a)(1) states in general, except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary.

26 U.S.C. § 3403 states that the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment.

Ohio Rev. Code § 5747.06 requires the employing government to withhold state income taxes. It also requires the government to report and remit those tax matters to the appropriate tax authorities and to the recipients.

Ohio Rev. Code § 145.01 outline the requirements for withholding Ohio Public Employees Retirement (OPERS) amounts from a public employees payroll check.

The Township has not implemented policies over withholdings to assure they are paid in a timely manner.

The Township properly withheld federal, state and OPERS amounts, however, did not remit amounts properly. Testing identified the following:

- The Township overpaid the Internal Revenue Service (IRS) by \$2,096 in 2021 and no supporting documentation was provided for the overpayment;
- The Township paid \$755 more than the amount due in March of 2020 to the IRS and the Township could not provide support for the overpayment. In addition, the Township was assessed and subsequently paid a penalty in the amount of \$30;
- The Township did not withhold the appropriate rate for one employee in 2021 and underpaid OPERS by \$1,545. This matter has since been corrected;
- The Township failed to make OPERS payments in a timely manner which resulted in assessed and paid interest and penalties totaling \$428 in 2020;
- The Township failed to make OPERS payments accurately, which resulted in credits being received in the amounts of \$560 and \$1,751 in 2021 and 2020, respectively;
- The Township paid the December 2019 state withholding in March of 2020, which was over two months beyond the due date; and
- During 2021, the Township was audited by the IRS for the Fiscal Year 2019 and the audit found the Township underpaid the Federal Income Tax Withholdings by \$26,970 which were paid by the Township during 2021. In addition, the Township paid penalties totaling \$2,679 as a result of the audit.

Failure to file and pay the required taxes could result in penalties and interest levied against the Township and possible findings for recovery.

The Township should review their employee standing data and the position of each employee and their appropriate withholding rate for Pension to ensure proper withholdings and remittances, and remit payments in a timely manner.

This matter will be referred to the Internal Revenue Service and the OPERS.

FINDING NUMBER 2021-003

Material Weakness – Financial Reporting

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.

The Fiscal Officer did not abide by the adopted chart of account in coding and classifying various transactions in 2021 and 2020. This resulted in adjustments and reclassifications to the financial statements. The Township Fiscal Officer and management have agreed to and posted the adjustments to the Township's accounting records and the corrected amounts are reflected in the accompanying financial statements.

2021 Adjustments:

Fund Adjusted From:	Fund Adjusted To:	Amount	Explanation
Gas Tax Special Revenue	Road & Bridge Special Revenue	\$1,657	To increase fund balance in the Gas Tax and decrease fund balance in the Road & Bridge fund for properly posting debt principal and interest correctly.

2021 Reclassifications:

Fund	Reclassified To:	Amount	Reclassified From:
General	Miscellaneous Revenue	\$46,028	Intergovernmental Revenue
General	Miscellaneous Revenue	1,847	General Property Tax
General	Intergovernmental Revenue	7,125	General Property Tax
General	Debt Principal Payment and Debt Interest Payment	13,800 and 1,443	Capital Outlay
Road and Bridge	Intergovernmental Revenue	4,054	General Property Tax
Emergency Management Services	Intergovernmental Revenue	2,109	General Property Tax
Fire District	Intergovernmental Revenue	1,286	General Property Tax

**FINDING NUMBER 2021-003
 (Continued)**

2020 Adjustments:

Fund Adjusted From:	Fund Adjusted To:	Amount	Explanation
General	Road & Bridge Special Revenue	\$1,976	To adjust for a Homestead and Rollback receipt not properly allocated.
General	Fire Special Revenue	542	To adjust for a Homestead and Rollback receipt not properly allocated.
General	Emergency Medical Service Special Revenue	1,156	To adjust for a Homestead and Rollback receipt not properly allocated.
Emergency Medical Service Special Revenue	Fire Special Revenue	2,484	To adjust for Tangible Personal Property taxes not properly posted.
Debt Service	General	100,000 and 72,000	To adjust grant and loan receipts not properly posted.
Gas Tax Special Revenue	Road & Bridge Special Revenue	3,895	To increase fund balance in the Gas Tax and decrease fund balance in the Road & Bridge fund for properly posting debt principal and interest correctly.

2020 Reclassifications:

Fund	Reclassified To:	Amount	Reclassified From:
General	Miscellaneous Receipts	\$25,283 and \$119,417	Intergovernmental Receipts
General	Miscellaneous and Intergovernmental Receipts	18,693 and 4,219	Property Tax Receipts
General	Intergovernmental Receipts	3,511	Property Tax Receipts
Road & Bridge Special Revenue Fund	Principal Retirement and Interest and Fiscal Charges Disbursements	2,619 and 213	Public Works Disbursements
Emergency Medical Service Special Revenue	Intergovernmental Receipts	3,637	Miscellaneous Receipts
General	Capital Outlay Disbursements	25,897	Transfer In
Cemetery Special Revenue Fund	Capital Outlay Disbursements	25,897	Transfer Out

**FINDING NUMBER 2021-003
(Continued)**

Other mispostings were identified, however were not material and the Township decided not to make the adjustments.

Adjustments to the 2021 and 2020 Financial Statement Notes include:

- The Budgetary Activity Note did not include accurate figures;
- The Risk Management Note did not reflect the most updated information; and
- The Debt Note was not accurate.

The Township did not have procedures in place to record transactions properly or procedures in place to ensure the Notes include the proper information. Failure to consistently follow a uniform chart of accounts increases the possibility the Township will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

The Fiscal Officer should maintain the accounting system to enable the Township to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Township is accurately recorded and reported. In addition, the Township should review the financial statements and notes prior to report submission to ensure the required information is included.

FINDING NUMBER 2021-004

Material Weakness -- Budgetary Amounts not Recorded in the Accounting System

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.

**FINDING NUMBER 2021-004
 (Continued)**

The following variances were identified:

2021:

Fund	Amount per Amended Certificate	Estimated Revenue per Accounting System	Variance
General Fund	\$736,100	\$661,461	\$74,639

Fund	Appropriations per Resolution	Appropriations per Accounting System	Variance
General	\$718,729	\$744,229	\$25,500
Special Revenue:			
Motor Vehicle License	7,550	\$7,450	100
Gasoline Tax	172,032	185,832	13,800
Road and Bridge	61,330	145,256	83,926
Emergency Management Service	393,537	405,387	11,850
Cemetery	9,500	14,350	4,850
FEMA	0	286	286
Federal Funds	0	25,000	25,000

2020:

Fund	Amount per Amended Certificate	Estimated Revenue per Accounting System	Variance
Special Revenue:			
Motor Vehicle License	\$7,587	\$10,175	\$2,588
Permissive Motor Vehicle License	7,161	7,532	371
Federal Funds	83,755	87,519	3,764

Fund	Appropriations per Resolution	Appropriations per Accounting System	Variance
General	\$397,405	\$802,705	\$405,300
Special Revenue:			
Motor Vehicle License	2,800	6,471	3,671
Gasoline Tax	33,173	168,109	134,936
Road and Bridge	9,854	43,696	33,842
Fire	35,863	199,250	163,387
Emergency Management Service	72,350	399,724	297,374
Cemetery	58,867	59,367	500
Permissive Motor Vehicle License	1,500	7,150	5,650
FEMA	0	1,743	1,743

**FINDING NUMBER 2021-004
(Continued)**

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by the Board were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

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.

4. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issue related to Findings for Recovery. This issue did not impact our GAGAS Compliance and Controls report.

FINDING NUMBER 2021-005

Finding for Recovery – Penalties on Late Payments

The Township's former Fiscal Officer was responsible for withholding and remitting the required income taxes and pension contributions from Township employee earnings. During 2019, the Fiscal Officer withheld, as required, federal income tax and Ohio Public Employees Retirement System (OPERS) contributions from the earnings of each Township employee. However, the (former) Fiscal Officer failed to transmit all required funds to the appropriate entity, agency, or system in a timely manner. As a result, the Township incurred penalties, late fees, and interest that were incurred by the former Fiscal Officer but was paid by the current Fiscal Officer as follows:

- In 2021, the Township paid penalties totaling \$2,679 to the IRS for failing to remit accurate and timely Federal Income Tax withholdings; and
- In 2020, the Township paid interest and penalties totaling \$428 to OPERS for failing to remit withholdings in a timely manner.

The penalties and interest incurred by the Township serve no proper public purpose and could have been avoided had the funds been remitted as required by law.

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, **Ohio Attorney General Opinion 82-006** indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. **Auditor of State Bulletin 2003-005** Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

**FINDING NUMBER 2021-005
(Continued)**

The law requires that employers withhold taxes from employees' paychecks and remit those taxes to the government. The United States Internal Revenue Code, for example, requires employers to deduct from wages paid to employees the employees' share of FICA taxes and individual income taxes. See 26 U.S.C. 3102(a) and 3402(a). Those withholdings are considered to be held in "a special fund in trust for the United States." 26 U.S.C. 7501(a). The employer is liable for the withheld portion of the employee's wages and must pay over the full amount to the government each quarter. See *United States v. Farr*, 536 F.3d 1174, 1176 (10th Circ. 2008). In addition, under Ohio law, employers are required to withhold state income taxes from employees' wages and transmit the funds to the state, according to Ohio Rev. Code § 5747.06. Under Ohio Rev. Code § 5747.07(E)(2), each employer required to withhold any tax is liable for the payment of the amount required to be withheld and the amount shall be deemed to be a special fund in trust for the general revenue fund. The same rule applies with respect to municipal income taxes in Ohio. See Ohio Rev. Code § 718.03.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Constance McCourt, the former Fiscal Officer, and Travelers Casualty and Surety Company of America, the Township's insurance company, jointly and severally, and in favor of the Saline Township's General Fund in the amount of \$1,828, Road and Bridge Fund in the amount of \$200, Gasoline Tax Fund in the amount of \$579, and the Emergency Management Services Fund in the amount of \$500, for a total of \$3,107.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.*, 120 Ohio St. 47 (1929); 1980 Op. Atty. Gen. No. 80-074; Ohio Rev. Code § 9.39; *State ex rel. Village of Linndale v. Masten*, 18 Ohio St. 3d 228 (1985). Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. See 1980 Op. Atty. Gen. No. 80-074.

The Township should be making timely payments on all obligations. Failing to make timely payments, could result in unnecessary and excessive disbursements.

Officials' Response: We did not receive a response from Officials to the findings reported above.

SALINE TOWNSHIP

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2021 and 2020

Finding Number	Finding Summary	Status	Additional Information
2017-001	Noncompliance – Proper Payment of Withholdings	Not Corrected	Repeated as Finding 2021-002 all payments are now posted on time
2017-002	Material Weakness – Cash Reconciliation Process	Fully Corrected	
2017-003	Material Weakness – Accurate Posting of Transactions	Not Corrected	Repeated as Finding 2021-003 payments are being posted correctly
2017-004	Material Weakness – Posting of Authorized Budgetary Measurers	Not Corrected	Repeated as Finding 2021-004 Being posted correctly and sending to the county
2019-001	Noncompliance and Material Weakness – Expenditures Exceeding Appropriations	Not Corrected	Repeated as Finding 2021-001 has been corrected and doesn't happen now
2019-003	Noncompliance – Installment Debt Without Statutory Authority	Not Fully Corrected	Repeated as a Management Letter comment
2019-004	Noncompliance – Annual Appropriation Measure	Fully Corrected	

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OHIO AUDITOR OF STATE KEITH FABER



SALINE TOWNSHIP

JEFFERSON 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 12/6/2022

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