



OHIO AUDITOR OF STATE
KEITH FABER



SALEM TOWNSHIP
JEFFERSON COUNTY

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DECEMBER 31, 2024 AND 2023

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Salem Township
Jefferson County
2478 St. Route 646
Richmond, Ohio 43944

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Salem 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, 2024, and 2023, 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, 2024, and 2023, 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, 2024, and 2023, or the changes in financial position thereof for the year 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 the 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.

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 *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 December 18, 2025, 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
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 18, 2025

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**SALEM TOWNSHIP
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2024**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$55,623	\$1,104,217		\$1,159,840
Licenses, Permits and Fees	4,331	6,750		11,081
Intergovernmental	36,688	208,502		245,190
Earnings on Investments	350	144	\$3	497
Miscellaneous	9,627	51,669		61,296
<i>Total Cash Receipts</i>	<u>106,619</u>	<u>1,371,282</u>	<u>3</u>	<u>1,477,904</u>
Cash Disbursements				
Current:				
General Government	56,300	53,091		109,391
Public Safety		896,043		896,043
Public Works	1,413	389,955		391,368
Health	16,301	14,435		30,736
Conservation-Recreation		6,334		6,334
Capital Outlay	984	90,321		91,305
Debt Service:				
Principal Retirement		4,729		4,729
Interest and Fiscal Charges		927		927
<i>Total Cash Disbursements</i>	<u>74,998</u>	<u>1,455,835</u>	<u>0</u>	<u>1,530,833</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>31,621</u>	<u>(84,553)</u>	<u>3</u>	<u>(52,929)</u>
<i>Net Change in Fund Cash Balances</i>	<u>31,621</u>	<u>(84,553)</u>	<u>3</u>	<u>(52,929)</u>
<i>Fund Cash Balances, January 1</i>	<u>23,928</u>	<u>433,654</u>	<u>4,066</u>	<u>461,648</u>
<i>Fund Cash Balances, December 31</i>	<u>\$55,549</u>	<u>\$349,101</u>	<u>\$4,069</u>	<u>\$408,719</u>

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

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**SALEM TOWNSHIP
JEFFERSON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2024 - December 31, 2024

1. Reporting Entity

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Salem Township, Jefferson County, Salem 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 Richmond, East Springfield, and Unionport Volunteer Fire Departments to provide fire services and ambulance services.

Public Entity Risk Pools

The Township participates in a public entity risk pool. Note 9 to the financial statements provide additional information for this entity. Ohio Township Association Risk Management Authority, (OTARMA) a risk-sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductibles.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

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

B. 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. The Township values certificates of deposits at cost.

C. 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 Township classifies its funds into the following types:

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.

**SALEM TOWNSHIP
JEFFERSON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2024 - December 31, 2024

2. Summary Of Significant Accounting Policies - (Continued)

Special Revenue Funds

These funds account for the proceeds from specific sources (other than from private-purpose trust or for capital projects) that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue funds.

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Fire Levy Fund - This fund receives property tax money for providing fire services to the Township.

Emergency Medical Services Fund - This fund receives property tax money for providing emergency medical services to the Township.

Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent those only earnings, not principal are available to support the Township's programs. The Township had the following significant Permanent fund.

Cemetery Endowment Fund – This fund receives interest earned on money received and is used for the general maintenance and upkeep of the Township's cemetery.

D. 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 Township 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.

E. 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. The County Budget Commission must also approve the annual appropriation measure Appropriations lapse at year-end.

**SALEM TOWNSHIP
JEFFERSON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2024 - December 31, 2024

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 re-appropriated. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2024 budgetary activity appears in Note 4.

F. 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 10.

**SALEM TOWNSHIP
JEFFERSON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2024 - December 31, 2024

G. 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.

H. Accumulated Leave

The Township's full-time employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

I. Leases

The Township is the lessee in a lease (as defined by GASB 87) related to the administration building, under noncancelable leases. Lease disbursements are recognized when they are paid.

3. Equity in Pooled Deposits and Investments

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code Prescribes allowable deposits and investments. The carrying of deposits and investments December 31st was as follows.

	<u>2024</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$242,472
Certificates of deposit	500
Other time deposits (savings and NOW accounts)	<u>165,747</u>
Total deposits	<u>408,719</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township; 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.

**SALEM TOWNSHIP
JEFFERSON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2024 - December 31, 2024

4. Budgetary Activity

Budgetary activity for the year ending December 31, 2024

2024 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$98,870	\$74,998	\$23,872
Special Revenue	1,468,198	1,464,835	3,363
Permanent			0
Total	<u>\$1,567,068</u>	<u>\$1,539,833</u>	<u>\$27,235</u>

2024 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$107,955	\$106,619	(\$1,336)
Special Revenue	1,381,356	1,371,282	(10,074)
Permanent		3	3
Total	<u>\$1,489,311</u>	<u>\$1,477,904</u>	<u>(\$11,407)</u>

5. Leases

In September 2021, the township entered into a 7-year lease with Caterpillar Financial Services Corporation for a Caterpillar 2021 CB22B Asphalt Compactor. The first payment was due in 2021.

Amortization

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

Year Ending December 31:	Financed Leases
2025	\$5,656
2026	5,656
2027	5,656
Total	<u>\$16,968</u>

**SALEM TOWNSHIP
JEFFERSON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2024 - December 31, 2024

6. Property Tax

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 and 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, collection and distributing all property Taxes on behalf of the Township

7. 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. Law enforcement employee contributed 13% of their gross salaries and the Township contributed an amount equaling 18.1% of participants' gross salaries. The Township has paid all contributions required through December 31, 2024.

8. Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2024, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2024, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

9. Risk Management

Risk Pool Membership

The (local entity) 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

**SALEM TOWNSHIP
JEFFERSON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2024 - December 31, 2024

- 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:

2024

Cash and investments	\$ 32,822,076
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Actuarial liabilities	\$ 12,568,762
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2024 Contributions to OTARMA were \$11,737

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.

10. Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$0	\$9,000	\$9,000
Total	\$0	\$9,000	\$9,000

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

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**SALEM TOWNSHIP
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$58,557	\$1,174,868		\$1,233,425
Licenses, Permits and Fees	4,704	7,150		11,854
Intergovernmental	38,920	198,593		237,513
Earnings on Investments	383	120	\$4	507
Miscellaneous	4,748	133,755		138,503
<i>Total Cash Receipts</i>	<u>107,312</u>	<u>1,514,486</u>	<u>4</u>	<u>1,621,802</u>
Cash Disbursements				
Current:				
General Government	96,540	48,817		145,357
Public Safety		954,703		954,703
Public Works	1,900	375,589		377,489
Health	19,982	9,106		29,088
Human Services		55,306		55,306
Capital Outlay	6,096	118,837		124,933
Debt Service:				
Principal Retirement		4,729		4,729
Interest and Fiscal Charges		927		927
<i>Total Cash Disbursements</i>	<u>124,518</u>	<u>1,568,014</u>	<u>0</u>	<u>1,692,532</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(17,206)</u>	<u>(53,528)</u>	<u>4</u>	<u>(70,730)</u>
Other Financing Receipts (Disbursements)				
Transfers In		1,050		1,050
Transfers Out	(1,050)			(1,050)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,050)</u>	<u>1,050</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(18,256)</u>	<u>(52,478)</u>	<u>4</u>	<u>(70,730)</u>
<i>Fund Cash Balances, January 1</i>	<u>42,184</u>	<u>486,132</u>	<u>4,062</u>	<u>532,378</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$23,928</u></u>	<u><u>\$433,654</u></u>	<u><u>\$4,066</u></u>	<u><u>\$461,648</u></u>

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

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**SALEM TOWNSHIP
JEFFERSON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2023 - December 31, 2023

1. Reporting Entity

Description of the Entity

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The Township participates in a public entity risk pool. Note 9 to the financial statements provide additional information for this entity. Ohio Township Association Risk Management Authority, (OTARMA) a risk-sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductibles.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

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B. Deposits and Investments

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**SALEM TOWNSHIP
JEFFERSON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2023 - December 31, 2023

2. Summary Of Significant Accounting Policies - (Continued)

Special Revenue Funds

These funds account for the proceeds from specific sources (other than from private-purpose trust or for capital projects) that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue funds.

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

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Fire Levy Fund - This fund receives property tax money for providing fire services to the Township.

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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.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. The County Budget Commission must also approve the annual appropriation measure Appropriations lapse at year-end.

**SALEM TOWNSHIP
JEFFERSON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2023 - December 31, 2023

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 re-appropriated. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2023 budgetary activity appears in Note 4.

F. 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 10.

**SALEM TOWNSHIP
JEFFERSON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2023 - December 31, 2023

G. 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.

H. Accumulated Leave

The Township's full-time employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

I. Leases

The Township is the lessee in a lease (as defined by GASB 87) related to the administration building, under noncancelable leases. Lease disbursements are recognized when they are paid.

3. Equity in Pooled Deposits and Investments

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code Prescribes allowable deposits and investments. The carrying of deposits and investments December 31st was as follows.

	<u>2023</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$295,895
Certificates of deposit	500
Other time deposits (savings and NOW accounts)	<u>165,253</u>
Total deposits	<u>\$461,648</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township; 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.

**SALEM TOWNSHIP
JEFFERSON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2023 - December 31, 2023

4. Budgetary Activity

Budgetary activity for the year ending December 31, 2023

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$125,615	\$125,568	\$47
Special Revenue	1,609,169	1,576,014	33,155
Permanent			0
Total	<u>\$1,734,784</u>	<u>\$1,701,582</u>	<u>\$33,202</u>

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$106,300	\$107,312	\$1,012
Special Revenue	1,519,599	1,515,536	(4,063)
Permanent		4	4
Total	<u>\$1,625,899</u>	<u>\$1,622,852</u>	<u>(\$3,047)</u>

5. Leases

In September 2021, the township entered into a 7-year lease with Caterpillar Financial Services Corporation for a Caterpillar 2021 CB22B Asphalt Compactor. The first payment was due in 2021.

Amortization

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

Year Ending December 31:	Financed Leases
2024	\$5,656
2025	5,656
2026	5,656
2027	5,656
Total	<u>\$22,624</u>

**SALEM TOWNSHIP
JEFFERSON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2023 - December 31, 2023

6. Property Tax

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 and 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, collection and distributing all property Taxes on behalf of the Township

7. 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. Law enforcement employee contributed 13% of their gross salaries and the Township contributed an amount equaling 18.1% of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

8. Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2024, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

9. Risk Management

Risk Pool Membership

The (local entity) 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

**SALEM TOWNSHIP
JEFFERSON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2023 - December 31, 2023

- 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:

2023

Cash and investments	\$ 33,494,457
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Actuarial liabilities	\$ 10,885,549
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2024 Contributions to OTARMA were \$9,239

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.

10. Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$0	\$8,000	\$8,000
Total	\$0	\$8,000	\$8,000

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

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
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800-282-0370

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

Salem Township
Jefferson County
2478 St. Route 646
Richmond, Ohio 43944

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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2024 and 2023 and the related notes to the financial statements of Salem Township, Jefferson County, (the Township) and have issued our report thereon dated December 18, 2025, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03 (C) permit.

Report on Internal Control Over Financial Reporting

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

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 and questioned costs we identified certain deficiencies in internal control that we consider to be a material weakness 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 item 2024-001 to be a material weakness.

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 2024-002 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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings as item 2024-001.

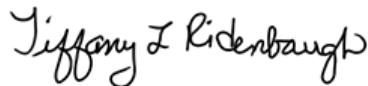
Township's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Township's response to the finding identified in our audit and described in the accompanying schedule of findings. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 18, 2025

**SALEM TOWNSHIP
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2024 AND 2023**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2024-001

Material Weakness and Noncompliance - Ohio Rev. Code § 505.24(C) Officials' Compensation

Ohio Rev. Code § 505.24(C) sets forth the method by which township trustees' compensation should be allocated. By summary, Ohio Revised Code § 505.24(C) permits trustees to receive per diem payments or annual salaries if voted upon unanimously by the township board of trustees.

If using the annual salary compensation method, the amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in Ohio Revised Code § 505.24(C), and shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. Each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed.

Testing performed identified the following:

- In both 2024 and 2023, 100% of the employer share withholdings were allocated to the general fund. The percent allocations of the employer share of withholdings should match those of the earnings. This resulted in an additional \$2,676 being charged to the general fund in 2023 and an additional \$5,289 being charged to the general fund in 2024.

These errors resulted in misstatements to the financial statements. Management has made the following adjustments for wage and employer benefits to the accompanying financial statements and the accounting records: In 2023, increased the General Fund balance by \$2,676 and reduced the General Government Expenditures accordingly and reduced the Road and Bridge Fund balance by \$2,676 and increased the General Government Expenditures accordingly. In 2024, increased the General Fund balance by \$5,289 and reduced the General Government Expenditures accordingly and reduced the Road and Bridge Fund balance by \$5,289 and increased the General Government Expenditures accordingly.

The Township should monitor the implementation of policies and procedures to help ensure compensation and certifications are made in accordance with Ohio Rev. Code § 505.24.

Officials' Response: As a response to the audit, the audit findings are duly noted and being corrected so they will not be repeated going forward. Also, more attention to postings into the correct funds and UAN accounts.

FINDING NUMBER 2024-002

Significant Deficiency - Budgetary Amounts not Properly Recorded in the Accounting System

Sound accounting practices require accurately posting 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 Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations approved by the Board were not properly posted to the accounting system in 2023 as follows:

Fund	Appropriations Per Resolution	Appropriations Per Accounting System	Variance	Percent of Variance
General	\$125,615	\$140,615	\$15,000	12%
Special Revenue:				
Motor Vehicle License	\$19,000	\$17,790	(\$1,210)	(6%)
Road & Bridge	\$176,820	\$254,676	\$77,856	44%
American Rescue Plan	\$155,904	\$151,317	(\$4,587)	(3%)

Failure to accurately post the appropriations to the ledgers could result in overspending and negative cash balances. In addition, this led to inaccurate reporting of the budgetary information in the filed financial statement report and the accompanying financial statement notes have been corrected to reflect the budgetary information approved by the Board.

Officials' Response: As a response to the audit, the audit findings are duly noted and being corrected so they will not be repeated going forward. Proper documentation (resolutions) will be maintained to support appropriation adjustments.

SALEM TOWNSHIP-JEFFERSON COUNTY
2478 State Route 646
Richmond, Ohio 43944
740-632-5182

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2024 AND 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Material Weakness – Financial Reporting	Not Corrected	Repeated as Management Letter
2022-002	Material Weakness – Budget Amounts not Properly Recorded in the Accounting System	Not Corrected	Repeated as Finding 2024-001

Trustees

Kelly Prokopakis
740-381-1316

Thomas McConnell
740-632-1489

Eric Mercer
740-381-0886

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OHIO AUDITOR OF STATE KEITH FABER



SALEM 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 2/3/2026

65 East State 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