



OHIO AUDITOR OF STATE  
**KEITH FABER**





**SENECA TOWNSHIP  
NOBLE COUNTY  
DECEMBER 31, 2022 AND 2021**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2022 .....	5
Notes to the Financial Statements for the Year Ended December 31, 2022 .....	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2021 .....	13
Notes to the Financial Statements for the Year Ended December 31, 2021 .....	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	21
Schedule of Findings.....	23

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Seneca Township  
Noble County  
54585 Opossum Run Road  
Senecaville, Ohio 43780

To the Board of Trustees:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of Seneca Township, Noble 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, 2022 and 2021, 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, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code § 117.38 and Ohio Administrative Code § 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, 2022 and 2021, 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 the Township on the basis of the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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 June 12, 2024, 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

June 12, 2024

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

	General	Special Revenue	Capital Projects	Permanent	Combined Total
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$60,528	\$13,194	\$0	\$0	\$73,722
Intergovernmental	11,184	158,967	15,224	0	185,375
Earnings on Investments	26	16	0	3	45
Miscellaneous	13,782	300	0	0	14,082
<i>Total Cash Receipts</i>	<u>85,520</u>	<u>172,477</u>	<u>15,224</u>	<u>3</u>	<u>273,224</u>
<b>Cash Disbursements</b>					
Current:					
General Government	100,146	137	0	0	100,283
Public Safety	4,001	6,558	0	0	10,559
Public Works	205	153,934	0	0	154,139
Health	0	9,660	0	0	9,660
Capital Outlay	0	0	15,224	0	15,224
Debt Service:					
Principal Retirement	0	34,154	0	0	34,154
Interest and Fiscal Charges	0	897	0	0	897
<i>Total Cash Disbursements</i>	<u>104,352</u>	<u>205,340</u>	<u>15,224</u>	<u>0</u>	<u>324,916</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(18,832)	(32,863)	0	3	(51,692)
<i>Fund Cash Balances, January 1</i>	<u>75,688</u>	<u>119,720</u>	<u>0</u>	<u>3,359</u>	<u>198,767</u>
<i>Fund Cash Balances, December 31</i>	<u>\$56,856</u>	<u>\$86,857</u>	<u>\$0</u>	<u>\$3,362</u>	<u>\$147,075</u>

*See accompanying notes to the basic financial statements*

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**Seneca Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Seneca Township, Noble 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 and fire protection. The Township contracts with the following to provide fire services: the Caldwell Fire Company, the Belle Valley Volunteer Fire Department, the Summerfield Volunteer Fire Department and the Senecaville Volunteer Fire Department. The Township appropriates general fund money to support a volunteer fire department.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township’s financial statement consists 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 Fund:

***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.

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

***Issue II Fund*** The Township received a grant from the state for capital improvements. The proceeds are restricted for capital improvement.

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

***Cemetery Endowment Fund*** The cemetery endowment fund accounts for and reports interest earned on the non-expendable balance restricted for the general maintenance and upkeep of the Township’s cemeteries.

**Seneca Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***Basis of Accounting***

The financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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 2022 budgetary activity appears in Note 3.

***Deposits***

The Township pools all available funds of the Township in an interest-bearing checking and savings accounts.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

***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:

**Seneca Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***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 9.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2022 follows:

Fund Type	2022 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$71,100	\$85,520	\$14,420
Special Revenue	\$321,540	\$172,477	(\$149,063)
Capital Projects	18,000	15,224	(2,776)
Permanent	0	3	\$3
<b>Total</b>	<b>\$410,640</b>	<b>\$273,224</b>	<b>(\$137,416)</b>

**Seneca Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$146,788	\$105,252	\$41,536
Special Revenue	440,539	385,100	55,439
Capital Projects	18,000	15,224	2,776
Permanent	0	0	0
<b>Total</b>	<b>\$605,327</b>	<b>\$505,576</b>	<b>\$96,975</b>

**Note 4 – Deposits**

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

	2022
Demand deposits	\$147,075

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

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

**Note 6 – Risk Management**

***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.

**Seneca Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***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
- Property
- Equipment breakdown

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

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

**Note 8 – Postemployment Benefits**

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

**Seneca Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

Effective January 1, 2022, OPERS discontinued the group plans currently being offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**Note 9 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including 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:

Fund Balances	General	Special Revenue	Permanent	Total
Nonspendable:				
Cemetery Endowment			\$3,355	\$3,355
Outstanding Encumbrances	900	179,760		180,660
Total	<u>\$900</u>	<u>\$179,760</u>	<u>\$3,355</u>	<u>\$184,015</u>

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

**Note 10 – Subsequent Events**

In late December, the Township determined the 1984 grader to be irreparable and that it was necessary to replace the grader with a new piece of equipment. As such, after attempting to obtain three quotes and successfully receiving two, the Township entered into an agreement to purchase a new grader valued at \$176,278. The purchase was appropriated and encumbered in accordance with Chapter 5705 of the Ohio Revised Codey, prior to year-end and is reflected as an encumbrance in the year-end financial statement and in Note 9 – Fund Balances above. The Township is in the final process of debt issuance and receipt of the grader.

**Note 11 – COVID-19**

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



**Seneca Township**  
*Noble 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	Permanent	Combined Total
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$57,017	\$12,723	\$0	\$69,740
Intergovernmental	14,279	173,129	0	187,408
Earnings on Investments	24	17	4	45
Miscellaneous	1,017	285	0	1,302
<i>Total Cash Receipts</i>	<u>72,337</u>	<u>186,154</u>	<u>4</u>	<u>258,495</u>
<b>Cash Disbursements</b>				
Current:				
General Government	66,416	854	0	67,270
Public Safety	1,978	0	0	1,978
Public Works	4,770	107,016	0	111,786
Health	0	10,990	0	10,990
Debt Service:				
Principal Retirement	0	27,055	0	27,055
Interest and Fiscal Charges	0	1,632	0	1,632
<i>Total Cash Disbursements</i>	<u>73,164</u>	<u>147,547</u>	<u>0</u>	<u>220,711</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(827)</u>	<u>38,607</u>	<u>4</u>	<u>37,784</u>
<i>Fund Cash Balances, January 1</i>	<u>76,515</u>	<u>81,113</u>	<u>3,355</u>	<u>160,983</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$75,688</u></u>	<u><u>\$119,720</u></u>	<u><u>\$3,359</u></u>	<u><u>\$198,767</u></u>

*See accompanying notes to the basic financial statements*

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**Seneca Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Seneca Township, Noble 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 and fire protection. The Township contracts with the following to provide fire services: the Caldwell Fire Company, the Belle Valley Volunteer Fire Department, the Summerfield Volunteer Fire Department and the Senecaville Volunteer Fire Department. The Township appropriates general fund money to support a volunteer fire department.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township’s financial statement consists 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:

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***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 Fund:

***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.

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

***Cemetery Endowment Fund*** The cemetery endowment fund accounts for and reports interest earned on the non-expendable balance restricted for the general maintenance and upkeep of the Township’s cemeteries.

***Basis of Accounting***

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

**Seneca Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 3.

***Deposits***

The Township pools all available funds of the Township in an interest-bearing checking and savings accounts.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

***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.

**Seneca Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2021 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$103,274	\$72,337	(\$30,937)
Special Revenue	181,576	186,154	4,578
Permanent	0	4	4
Total	\$284,850	\$258,495	(\$26,355)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$179,789	\$73,364	\$106,425
Special Revenue	260,293	148,647	111,646
Permanent	426	0	426
Total	\$440,508	\$222,011	\$218,497

**Note 4 – Deposits**

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

**Seneca Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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	2021
Demand deposits	<u>\$198,767</u>

The Township does not use a separate payroll clearing checking account. The expenditures included in the accompanying financial statement reflects net payroll plus all remitted payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Note 6 – Risk Management**

***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
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2021:

**Seneca Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

**Note 8 – Postemployment Benefits**

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

**Note 9 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	\$34,154	3.18%

The Township issued a general obligation note to finance the purchase of a new 2017 Dodge Ram Truck for Township road maintenance. The noted is backed by the full faith and credit of the Township and matures in three years.

***Amortization***

Amortization of the above debt is scheduled as follows:

**Seneca Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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Year Ending December 31:	General Obligation Notes
2022	\$11,933
2023	11,933
2024	10,288
Total	<u>\$34,154</u>

**Note 10 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including 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:

Fund Balances	General	Special Revenue	Permanent	Total
Nonspendable:				
Cemetery Endowment			\$3,359	\$3,359
Outstanding Encumbrances	200	1,100		1,300
Total	\$200	\$1,100	\$3,359	\$4,659

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

**Note 11 – COVID-19**

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



# OHIO AUDITOR OF STATE KEITH FABER



65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

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

Seneca Township  
Noble County  
54585 Opossum Run Road  
Senecaville, Ohio 43780

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements of Seneca Township, Noble County, Ohio (the Township), and have issued our report thereon dated June 12, 2024 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.

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

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

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***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***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  
Auditor of State  
Columbus, Ohio

June 12, 2024

SENECA TOWNSHIP  
NOBLE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-001

**Significant Deficiency**

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 receipt ledger.

In 2022, the final appropriations approved by the Board of Trustees and as presented in the notes to the financial statements, did not agree to those posted to the Township's accounting system for the Miscellaneous Special Revenue Fund (ARPA) by \$708.

In 2021, the final estimated receipts per the Amended Certificates of Estimated Resources did not agree to those posted to the Township's accounting system and the notes to the financial statements for the Miscellaneous Special Revenue Fund (ARPA) by \$24,721. In addition, the final appropriations approved by the Board of Trustees did not agree to those posted to the Township's accounting system and the notes to the financial statements for the Miscellaneous Special Revenue Fund (ARPA) by \$24,721.

The Township did not have procedures in place to accurately post authorized budgetary measures 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 notes to 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 of Trustees. 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.

**Officials' Response:** It is important to note that as of December 31, 2021, NO expenditures were made from the ARPA fund. This means no funds were spent in violation of the Ohio Revised Code. As required, the Township requested an amended Certificate of Estimated Resources and amended appropriations for ARPA funding in October 2021. The process for budgetary requests is almost exclusively handled electronically, via email. While the initial request was appropriately made, the electronic copy of the amended Certificate of Estimated Resources was not received from the County Auditor. Due to this error, the Fiscal Officer did not enter the budgetary amendment into the UAN system. This caused an additional clerical error by the Fiscal Officer when the Annual Report was filed. To prevent this error in the future, the Township Fiscal Officer has created a tickler file to follow up on all filed budgetary requests to the County Auditor.

# OHIO AUDITOR OF STATE KEITH FABER



**SENECA TOWNSHIP**

**NOBLE COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 7/16/2024**

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