



OHIO AUDITOR OF STATE
KEITH FABER



STEUBENVILLE TOWNSHIP
JEFFERSON COUNTY

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INDEPENDENT AUDITOR'S REPORT

Steubenville Township
Jefferson County
PO Box 178
25 Smithfield Street
Mingo Junction, Ohio 43938

To the Board of Trustees:

Report on the Audit of the Financial Statements

Qualified and Adverse Opinions

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

Basis for Additional Opinion Qualification

During 2013 and 2012, the Township charged trustee salaries of \$35,706 to the Gasoline Tax Fund and \$17,852 to the Road and Bridge Fund that were not substantiated by the prescribed certification forms or equivalent time records as required by Ohio Revised Code Section 505.24(C). The Township declined to record the adjustment due to financial constraints and the accompanying financial statements do not reflect them. Had the Township agreed to the adjustments the Gasoline Tax Fund balance would have been \$128,450 and \$96,191 for December 31, 2021 and 2020 respectively. The Road and Bridge Fund balance would have been \$59,657 and \$57,783 for December 31, 2021 and 2020, respectively. The General Fund balance would have had deficit balances of (\$41,079) and (\$32,616) at December 31, 2021 and 2020, respectively.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2021 and 2020, or the changes in financial position thereof for the year then ended.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes of the Steubenville Township, Jefferson County, 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.

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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and qualified 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.

Emphasis of Matter

As discussed in Note 11 to the December 31, 2021 and Note 12 to the December 31, 2020 financial statements, the financial impact of COVID 19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2022, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

July 20, 2022

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**STEUBENVILLE TOWNSHIP
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$4,553	\$56,291	\$60,844
Licenses, Permits and Fees	6,737		6,737
Intergovernmental	28,444	288,631	317,075
<i>Total Cash Receipts</i>	<u>39,734</u>	<u>344,922</u>	<u>384,656</u>
Cash Disbursements			
Current:			
General Government	26,946		26,946
Public Safety		35,270	35,270
Public Works	2,449	158,270	160,719
Capital Outlay	18,802	97,940	116,742
Debt Service:			
Principal Retirement		68	68
Interest and Fiscal Charges		2	2
<i>Total Cash Disbursements</i>	<u>48,197</u>	<u>291,550</u>	<u>339,747</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,463)</u>	<u>53,372</u>	<u>44,909</u>
<i>Fund Cash Balances, January 1</i>	<u>20,942</u>	<u>155,203</u>	<u>176,145</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$12,479</u></u>	<u><u>\$208,575</u></u>	<u><u>\$221,054</u></u>

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

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

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Steubenville Township, Jefferson County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Brilliant Volunteer Fire Department and Hillandale Volunteer Fire Department to provide fire services and emergency medical services.

Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) a public entity risk pool. Note 7 to the financial statements provide additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Road and Bridge Fund The road and bridge fund accounts for and reports that portion of property tax restricted for maintenance and repair of roads and bridges within the Township.

Coronavirus Relief Fund The corona virus relief fund accounts for and reports that portion of COVID 19 relief monies restricted for expenses incurred as a result of COVID 19.

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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

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

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

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

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

Fund Balance

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$14,849, and the Gasoline Tax fund by \$9,776, Road and Bridge fund by \$101,671, Fire Protection fund by \$13,839, and Emergency Medical Services fund by \$20,478 for the year ended December 31, 2021.

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2021 follows:

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,000	\$39,734	(\$266)
Special Revenue	320,849	344,922	24,073
Total	\$360,849	\$384,656	\$23,807

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$34,012	\$48,861	(\$14,849)
Special Revenue	191,898	294,755	(102,857)
Total	\$225,910	\$343,616	(\$117,706)

Note 5 – Deposits and Investments

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

<i>Cash Management Pool:</i>	2021
Demand deposits	\$221,054
<i>Total carrying amount of deposits held in the Pool</i>	\$221,054

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$5,993 in unremitted employee payroll withholdings.

Deposits

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

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

Note 6 – Property Taxes

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

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

Note 7 – Risk Management

Workers' Compensation

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

Risk Pool Membership

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

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

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

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

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries.

Note 9 – Postemployment Benefits

Both OPERS offer 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 member-directed plan was 4.0 percent during calendar year 2021.

Note 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 facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	665	3,205	3,870
Total	\$665	\$3,205	\$3,870

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue funds would including 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 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**STEUBENVILLE TOWNSHIP
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$1,240	\$50,998	\$52,238
Licenses, Permits and Fees	6,792		6,792
Intergovernmental	30,981	226,822	257,803
Miscellaneous	5,405	150	5,555
<i>Total Cash Receipts</i>	<u>44,418</u>	<u>277,970</u>	<u>322,388</u>
Cash Disbursements			
Current:			
General Government	22,638		22,638
Public Safety		55,354	55,354
Public Works	2,765	125,703	128,468
Capital Outlay		39,705	39,705
Debt Service:			
Principal Retirement		4,048	4,048
Interest and Fiscal Charges		107	107
<i>Total Cash Disbursements</i>	<u>25,403</u>	<u>224,917</u>	<u>250,320</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>19,015</u>	<u>53,053</u>	<u>72,068</u>
<i>Fund Cash Balances, January 1</i>	<u>1,927</u>	<u>102,150</u>	<u>104,077</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$20,942</u></u>	<u><u>\$155,203</u></u>	<u><u>\$176,145</u></u>

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

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

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Steubenville Township, Jefferson County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Brilliant Volunteer Fire Department and Hillandale Volunteer Fire Department to provide fire services and emergency medical services.

Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) a public entity risk pool. Note 7 to the financial statements provide additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

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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 Funds:

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

Road and Bridge Fund The road and bridge fund accounts for and reports that portion of property tax restricted for maintenance and repair of roads and bridges within the Township.

Coronavirus Relief Fund The corona virus relief fund accounts for and reports that portion of COVID 19 relief monies restricted for expenses incurred as a result of COVID 19.

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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

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

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

A summary of 2020 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

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

Fund Balance

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

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

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

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

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

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

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

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

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$6,768, Motor Vehicle License fund by \$1,050, Gasoline Tax fund by \$28,615, Road and Bridge fund by \$9,376, Fire Protection fund by \$10,802, Permissive MVL \$15,080, and Emergency Medical Services fund by \$19,003 for the year ended December 31, 2020.

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,000	\$44,418	\$4,418
Special Revenue	320,849	277,970	(42,879)
Total	\$360,849	\$322,388	(\$38,461)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$21,325	\$28,093	(\$6,768)
Special Revenue	177,442	261,382	(83,940)
Total	\$198,767	\$289,475	(\$90,708)

Note 5 – Deposits

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

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$176,145
<i>Total carrying amount of deposits held in the Pool</i>	<i>\$176,145</i>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$5,415 in unremitted employee payroll withholdings.

Deposits

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

Note 6 – Property Taxes

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

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

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

Note 7 – Risk Management

Workers' Compensation

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

Risk Pool Membership

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

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

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

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 9 – Postemployment Benefits

Both OPERS offer 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 1 percent during calendar year 2020.

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

Note 10 – Debt

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

	Principal	Interest Rate
Building Repairs Loan	\$68	4.5%
Total	\$68	

The Township obtained a bank promissory note to finance the purchase of a new roof for the Township Complex Building.

Amortization

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

Year Ending December 31:	Building Repairs Loan
2021	\$70
Total	\$70

Note 11 – 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 facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	2,690	36,465	39,155
Total	\$2,690	\$36,465	\$39,155

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – COVID-19

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

OHIO AUDITOR OF STATE KEITH FABER



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

Steubenville Township
Jefferson County
PO Box 178
25 Smithfield Street
Mingo Junction, Ohio 43938

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Steubenville Township, Jefferson County, (the Township) and have issued our report thereon dated July 20, 2022, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We qualified our opinion on the General fund and Special Revenue funds because the Township charged trustee salaries during 2013 and 2012 to the Gasoline Tax Fund and Road and Bridge Fund that were not substantiated by the prescribed certification forms or equivalent time records as required by Ohio Revised Code Section 505.24(C). In addition, we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 and 2021-003 through 2021-004 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-001 and 2021-002.

Purpose of This Report

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

July 20, 2022

**STEUBENVILLE TOWNSHIP
JEFFERSON COUNTY**

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

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

FINDING NUMBER 2021-001

Noncompliance and Material Weakness – Finding for Adjustment - Trustee Salaries

In 2013 and 2012, the Township charged trustee salaries of \$35,706 to the Gasoline Tax Fund and \$17,852 to the Road and Bridge Fund that were not substantiated by the prescribed certification forms or equivalent time records as required by **Ohio Rev. Code § 505.24(C)**. The Township declined to record the adjustment due to the financial constraints and the accompanying financial statements do not reflect them. Had the Township agreed to the adjustment, the Gasoline Tax Fund balance would have been \$128,450 and \$96,191 for December 31, 2021 and 2020 respectively. The Road and Bridge Fund balance would have been \$59,657 and \$57,783 for December 31, 2021 and 2020, respectively. The General Fund balance would have a deficit balance of (\$41,079) and (\$32,616) at December 31, 2021 and 2020, respectively.

The Township has not entered into a payment plan for the amounts above.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code § 505.24(C)**, a Finding for Adjustment is made in favor of the Gasoline Tax and Road and Bridge Special Revenue Funds in the amounts of \$35,706 and \$17,852, respectively and against the General Fund in the amount of \$53,558.

FINDING NUMBER 2021-002

Noncompliance Citation – Expenditures Exceeding Appropriations

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

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

2021:

Fund	Appropriation	Actual Disbursement	Variance	Percent of Variance
General	\$34,013	\$48,862	\$14,849	30%
Special Revenue:				
Gasoline Tax	100,038	109,814	9,776	9
Road and Bridge	16,325	117,996	101,671	86
Fire Protection	1,005	14,844	13,839	83
Emergency Medical Services	0	20,478	20,478	100

FINDING NUMBER 2021-002
 (Continued)

2020:

Fund	Appropriation	Actual Disbursement	Variance	Percent of Variance
General	\$21,325	\$28,093	\$6,768	24%
Special Revenue:				
Motor Vehicle License	3,105	4,155	1,050	25
Gasoline Tax	101,651	130,266	28,615	22
Road and Bridge	14,687	24,063	9,376	39
Fire Protection	2,852	13,654	10,802	79
Emergency Medical Services	0	19,003	19,003	100
Permissive MVL	0	15,080	15,080	100

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

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

FINDING NUMBER 2021-003

Material Weakness – Financial Reporting

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

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

FINDING NUMBER 2021-003
 (Continued)

2021:

Fund	Reclassified to:	Explanation	Amount
General	Capital Outlay	Baseball Park project classified as Public Works Disbursement	\$18,802
Corona Virus Relief	Public Safety Disbursements	Classified as General Government Disbursement	31,554
Road & Bridge	Capital Outlay Disbursement	FEMA project classified as Public Works Disbursement	97,940

2020:

Fund	Reclassified to:	Explanation	Amount
General	Miscellaneous Receipts	BWC refund misclassified as Intergovernmental Receipts	\$ 5,405
Gasoline Tax	Capital Outlay Disbursements	Concrete curb & FEMA project classified as Public Works Disbursements	24,625
Permissive MVL	Capital Outlay Disbursements	Resurfacing project classified as Human Services Disbursements	15,080
Corona Virus Relief	Public Safety Disbursements	Classified as General Government Disbursements	22,746
Gasoline Tax	Public Works Disbursements	Classified as General Government Disbursements	2,181
Road & Bridge	Public Works Disbursements	Classified as General Government Disbursements	2,181

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

Adjustments to the Financial Statement Notes included the following:

- The Township included a Compliance note however the note was not reflective of the period under audit;
- The Deposits and Investments Note did not include accurate figures and did not agree to the financial statements;
- The Budgetary Activity Note did not include accurate comparison tables and figures;
- The Debt Note was not presented; and
- The Risk Management note was not properly presented.

The Township did not have procedures in place to record transactions properly or procedures in place to include updated disclosures.

Failure to consistently follow a uniform chart of accounts increases the possibility the Township will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

FINDING NUMBER 2021-004

Material Weakness – Budget Amounts Not Properly Recorded in the Accounting System

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

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

The 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 2021 and 2020 as follows:

2021:

Fund	Appropriations Per Resolutions	Appropriations Per Accounting System	Variance	Percent of Variance
General	\$31,322	\$46,499	\$15,177	48%
Special Revenue:				
Gasoline Tax	97,092	107,510	10,418	11
Road and Bridge	15,260	118,151	102,891	87
Fire Protection	954	14,792	13,838	93
Emergency Medical Services	0	20,569	20,569	100

2020:

Fund	Appropriations Per Resolutions	Appropriations Per Accounting System	Variance	Percent of Variance
General	\$20,582	\$29,431	\$8,849	43%
Special Revenue:				
Motor Vehicle License	3,105,	4,206	1,101	35
Gasoline Tax	99,415	130,682	31,267	31
Road and Bridge	14,520	27,310	12,790	88
Fire Protection	2,800	13,702	10,902	80
Permissive MVL	0	15,079	15,079	100
Emergency Medical Services	0	19,003	19,003	100

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

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

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

STEUBENVILLE TOWNSHIP

BOARD OF TRUSTEES

25 Smithfield Street

P. O. Box 178

MINGO JUNCTION, OHIO 43938

Finding Number	Finding Summary	Status	Additional Information
2015-001	Ohio Rev. Code 505.24(C)	Not Corrected	Re-Issued as Finding 2021-001
2017-002	Ohio Rev. Code 5705.41(B)	Not Corrected	Re-Issued as Finding 2021-002
2015-003	Material Weakness – Sound Financial Reporting/Accurate Posting of Transactions	Not Corrected	Re-Issued as Finding 2021-003
2017-005	Material Weakness – Budgetary Measures	Not Corrected	Re-Issued as Finding 2021-004

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OHIO AUDITOR OF STATE KEITH FABER



STEUBENVILLE 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 8/16/2022

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

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