



**ELLSWORTH TOWNSHIP
MAHONING COUNTY**

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2021 & 2020**

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Ellsworth Township
6036 South Salem Warren Road
Ellsworth, Ohio 44116

We have reviewed the *Independent Auditor's Report* of Ellsworth Township, Mahoning County, prepared by Canter & Associates, for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

December 07, 2022

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**ELLSWORTH TOWNSHIP
MAHONING COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Ellsworth Township
Mahoning County
6036 South Salem Warren Road
Ellsworth, Ohio 44116

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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

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

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 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.



Canter & Associates

Poland, Ohio

October 28, 2022

Ellsworth Township

Mahoning 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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts				
Property and Other Local Taxes	\$ 136,466	\$ 97,914	\$ -	\$ 234,380
Charges for Services	-	63,624	-	63,624
Licenses, Permits, and Fees	25,579	14,572	-	40,151
Intergovernmental	38,973	278,348	-	317,321
Special Assessments	-	1,269	-	1,269
Earnings on Investments	690	454	-	1,144
Miscellaneous	14,790	6,650	-	21,440
<i>Total Cash Receipts</i>	216,498	462,831	-	679,329
Cash Disbursements				
Current:				
General Government	182,884	18,922	-	201,806
Public Safety	9,588	148,857	-	158,445
Public Works	2,503	88,945	-	91,448
Health	19,713	13,538	-	33,251
Capital Outlay	7,400	44,603	-	52,003
Debt Service:				
Principal Retirement	-	10,033	-	10,033
Interest and Fiscal Charges	-	1,334	-	1,334
<i>Total Cash Disbursements</i>	222,088	326,232	-	548,320
<i>Excess of Receipts Over/(Under) Disbursements</i>	(5,590)	136,599	-	131,009
Other Financing Receipts/(Disbursements)				
Transfers In	-	7,500	-	7,500
Transfers Out	(7,500)	-	-	(7,500)
<i>Total Other Financing Receipts/(Disbursements)</i>	(7,500)	7,500	-	-
<i>Net Change in Fund Cash Balances</i>	(13,090)	144,099	-	131,009
Fund Cash Balances, January 1	58,315	534,535	731	593,581
<i>Total Fund Cash Balances, December 31</i>	\$ 45,225	\$ 678,634	\$ 731	\$ 724,590

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

Ellsworth Township
Mahoning 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 Ellsworth Township, Mahoning County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. A publicly elected Fiscal Officer maintains the Township funds. The Township provides Township road and bridge maintenance, zoning, cemetery maintenance, volunteer fire protection and volunteer emergency medical services. The Mahoning County Sheriff's Department provides police protection. The Fire Department and EMS are funded by two (2) tax levies.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity, which is:

Ohio Township Association Risk Management Authority (OTARMA) – The risk sharing pool, available to Ohio Townships provides property and casualty insurance for its members. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

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.

Ellsworth Township
Mahoning County

Notes to the Financial Statements
For the Year Ended December 31, 2021

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Fire Fund: This fund receives property tax monies to provide Township Fire and EMS Services within the Township.

Local Fiscal Recovery Fund – Included in this fund are monies that are part of the American Rescue Plan Grant. This money is to be used to help relieve the financial stress to the resident of Ellsworth Township.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund.

General Bond/Note Retirement Fund: This fund received property tax monies restricted to satisfying the obligation of a Note the Township issued to fund a Chip and Seal Program.

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2021 budgetary activity appears in Note 3.

Ellsworth Township
Mahoning County

Notes to the Financial Statements
For the Year Ended December 31, 2021

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 a percentage of their unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. 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*.

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 last 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.

Ellsworth Township
Mahoning County

Notes to the Financial Statements
For the Year Ended December 31, 2021

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$184,285	\$216,498	\$32,213
Special Revenue	460,020	470,331	10,311
Debt Service	0	0	0
Total	\$644,305	\$686,829	\$42,524

Of note in 2021 is the receipt of a \$110,565 grant through the State of Ohio authorized through the American Recovery Plan Act. The receipt was deposited into a special revenue fund. All subsequent interest was deposited into the General Fund. No expenditures from this fund were authorized in 2021, and the entire balance was carried over to 2022. The Township anticipates a second receipt, also of \$110,565 sometime in 2022. See Note 13 for more details.

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$247,212	\$230,669	\$16,543
Special Revenue	1,000,540	328,680	671,860
Debt Service	0	0	0
Total	\$1,247,752	\$559,349	\$688,403

The Township expended the balance of the 2020 CARES Act Grant in 2021 that was carried over from 2020. The amount of the carryover was \$16,102 and was used for public safety personnel expenses. See Note 13 for more details.

Note 4 – Deposits and Investments

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 and investments. A summary of the Township’s deposit and investment accounts are as follows:

Ellsworth Township
Mahoning County

Notes to the Financial Statements
For the Year Ended December 31, 2021

	<u>2021</u>
<i>Cash Management Pool:</i>	
Demand deposits	<u>\$12,317</u>
Total deposits	<u>12,317</u>
Repurchase agreement	<u>712,273</u>
Total investments	<u>712,273</u>
<i>Total carrying amount of deposits and investments held in the Pool</i>	<u><u>\$724,590</u></u>

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 not holding any 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.

At December 31, 2021, all deposits were insured or collateralized, in accordance with Ohio law.

Investments

The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

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.

Ellsworth Township
Mahoning County

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Interfund Balances

There were no outstanding advances as of December 31, 2021.

Note 7 – Risk Management

Workers’ Compensation

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

Risk Pool Membership

Ellsworth 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 Ellsworth Township’s policy. The Pool covers the following risks:

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

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

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Ellsworth Township
Mahoning County

Notes to the Financial Statements
For the Year Ended December 31, 2021

Social Security

Several Township employees, including volunteer firefighters and zoning board members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Note 9– Postemployment Benefits

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

Note 10 – Debt

Leases outstanding at December 31, 2021, were as follows:

	Principal	Interest Rate
Lifepak-15 Monitor Lease	\$17,147	2.60%
Total	\$17,147	

There were no outstanding notes as of December 31, 2021.

Leases

In March of 2020, the Township entered a new lease for an additional Lifepak-15 monitor for its second ambulance. The lease amount is for \$1,117.26 monthly, which includes a \$170 maintenance agreement.

Amortization

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

Year Ended December 31,	Lifepak-15 Monitor Lease		
	Principal Payment	Maintenance Payment	Interest Payment
2022	\$10,644	\$2,040	\$723
2023	6,503	1,190	127
Total	\$17,147	\$3,230	\$850

Ellsworth Township
Mahoning County

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – 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. 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:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total</u>
Outstanding Encumbrances	1,081	2,448	0	3,529
Total	<u>\$1,081</u>	<u>\$2,448</u>	<u>\$0</u>	<u>\$3,529</u>

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

Note 13 – 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.

The Township was the recipient of \$84,345 in Ohio Coronavirus Relief Funds during 2020. The Township expended \$68,624 in 2020. The carryover of \$16,102, including interest earned on the funds, was expended in 2021 on Volunteer Firefighter and EMS personnel expenses. The Township utilized the funding in compliance with Ohio and Federal Guidelines as follows:

Ellsworth Township
Mahoning County

Notes to the Financial Statements
For the Year Ended December 31, 2021

<u>Item</u>	<u>2020</u> <u>Amount</u>	<u>2021</u> <u>Amount</u>	<u>Total</u>
Lucas Chest Compression System for Ambulance	\$10,180	\$0	\$10,180
Ultraviolet Light Air Purification System for Fire Station	850	0	850
Volunteer Firefighter and EMS Personnel	57,292	16,102	73,394
Total	<u>\$68,322</u>	<u>\$16,102</u>	<u>\$84,424</u>

The remaining \$16,102 was carried over to 2021, as per new federal and Ohio guidelines published in late 2020. The Township's management believes that all rules and guidelines have been met with the Federal Funding. Any failure to comply could result in the need to return any misused funds to the State.

The use of the American Recovery Plan Act (ARPA) monies is under review by the Board of Trustees. The final rules were not released by the US Treasury Department until January 2022. The funds must be obligated by December 31, 2024 and expended by December 31, 2026. Any unappropriated and/or unexpended funds would be returned to the US Treasury.

Ellsworth Township
Mahoning County, Ohio

Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts				
Property and Other Local Taxes	\$ 117,052	\$ 96,394	\$ -	\$ 213,446
Charges for Services	-	37,406	-	37,406
Licenses, Permits, and Fees	26,257	14,571	-	40,828
Intergovernmental	28,411	246,090	-	274,501
Special Assessments	-	1,355	-	1,355
Earnings on Investments	2,336	1,985	-	4,321
Miscellaneous	29,106	25,455	-	54,561
<i>Total Cash Receipts</i>	<u>203,162</u>	<u>423,256</u>	<u>-</u>	<u>626,418</u>
Cash Disbursements				
Current:				
General Government	166,205	17,808	-	184,013
Public Safety	13,713	126,704	-	140,417
Public Works	2,886	78,231	-	81,117
Health	17,218	15,177	-	32,395
Conservation-Recreation	295	-	-	295
Capital Outlay	2,500	94,347	-	96,847
Debt Service:				
Principal Retirement	-	106,648	-	106,648
Interest and Fiscal Charges	-	3,061	-	3,061
<i>Total Cash Disbursements</i>	<u>202,817</u>	<u>441,976</u>	<u>-</u>	<u>644,793</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>345</u>	<u>(18,720)</u>	<u>-</u>	<u>(18,375)</u>
Other Financing Receipts/(Disbursements)				
Transfers In	-	8,500	-	8,500
Transfers Out	(8,500)	-	-	(8,500)
Advances In	6,600	-	-	6,600
Advances Out	-	(6,600)	-	(6,600)
Other Financing Uses	(75)	-	-	(75)
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>(1,975)</u>	<u>1,900</u>	<u>-</u>	<u>(75)</u>
<i>Net Change in Fund Cash Balances</i>	(1,630)	(16,820)	-	(18,450)
<i>Fund Cash Balances, January 1 - Restated (See Note 14)</i>	59,945	551,355	731	612,031
<i>Fund Cash Balances, December 31</i>	<u>\$ 58,315</u>	<u>\$ 534,535</u>	<u>\$ 731</u>	<u>\$ 593,581</u>

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

Ellsworth Township
Mahoning 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 Ellsworth Township, Mahoning County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. A publicly elected Fiscal Officer maintains the Township funds. The Township provides Township road and bridge maintenance, zoning, cemetery maintenance, volunteer fire protection and volunteer emergency medical services. The Mahoning County Sheriff's Department provides police protection. The Fire Department and EMS are funded by two (2) tax levies.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity, which is:

Ohio Township Association Risk Management Authority (OTARMA) – The risk sharing pool, available to Ohio Townships provides property and casualty insurance for its members. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

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.

Ellsworth Township
Mahoning County

Notes to the Financial Statements
For the Year Ended December 31, 2020

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Fire Fund: This fund receives property tax monies to provide Township Fire and EMS Services within the Township.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund.

General Bond/Note Retirement Fund: This fund received property tax monies restricted to satisfying the obligation of a Note the Township issued to fund a Chip and Seal Program.

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2020 budgetary activity appears in Note 3.

Ellsworth Township
Mahoning County

Notes to the Financial Statements
For the Year Ended December 31, 2020

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 a percentage of their unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. 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*.

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 last 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.

Ellsworth Township
Mahoning County

Notes to the Financial Statements
For the Year Ended December 31, 2020

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$97,702	\$203,162	\$105,460
Special Revenue	519,798	431,756	(88,042)
Debt Service	0	0	0
Total	\$617,500	\$634,918	\$17,418

Of note in 2020 is the receipt of a \$84,345 grant from the State of Ohio Coronavirus Relief Fund, which is authorized and funded through the 2021 Federal CARES Act. The multiple receipts and monthly interest of \$79 were deposited into a special revenue fund. The expenditures from this fund were authorized in 2020 with the remaining balance of \$16,102 being carried over to 2021. See Note 13 for more details.

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$259,363	\$216,604	\$42,759
Special Revenue	886,286	448,935	437,351
Debt Service	0	0	0
Total	\$1,145,649	\$665,539	\$480,110

The Township utilized an Ohio BWC grant of \$36,005 that was received in 2019, to purchase a power cot and installation on the Township’s ambulance. The Township added \$12,076 to the grant monies for the purchase and installation in 2020.

Note 4 – Deposits and Investments

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 and investments. A summary of the Township’s deposit and investment accounts are as follows:

Ellsworth Township
Mahoning County

Notes to the Financial Statements
For the Year Ended December 31, 2020

	<u>2020</u>
<i>Cash Management Pool:</i>	
Demand deposits	<u>\$21,021</u>
Total deposits	<u>21,021</u>
Repurchase agreement	<u>572,560</u>
Total investments	<u>572,560</u>
<i>Total carrying amount of deposits and investments held in the Pool</i>	<u><u>\$593,581</u></u>

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 not holding any 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.

At December 31, 2020, all deposits were insured or collateralized, in accordance with Ohio law.

Investments

The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

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.

Ellsworth Township
Mahoning County

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Interfund Balances

During 2020, the Fire Department fund advanced \$6,600 to the General Fund to repay an outstanding balance from the prior year. There were no outstanding advances as of 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

Ellsworth 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 Ellsworth Township’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.

Ellsworth Township
Mahoning County

Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

Social Security

Several Township employees, including volunteer firefighters and zoning board members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 9– Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit post-employment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 10 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
Lifepak-15 Monitor Lease	\$27,180	2.60%
Total	<u>\$27,180</u>	

There were no outstanding notes as of December 31, 2020, however, an outstanding note from 2019 was paid off in its entirety during 2020. The note balance of \$100,108 as of December 31, 2019, was paid off in two payments in 2020. The first payment of \$50,805 (including interest) was made February 17, 2020, and the second and final payment of \$51,566 (including interest) was made on August 24, 2020. The Township had acquired a 72-month loan in August 2015, through the Ohio Department of Transportation (ODOT) in the amount of \$155,327, to finance a Chip and Seal Program for Township road maintenance. The loan began accruing interest at a rate of 3.00% on August 15, 2016, and semi-annual payments began to be paid from the Gas Tax Fund in February of 2018.

Leases

In 2020, the Township fulfilled a lease Agreement with Stryker Corporation for a Lifepak-15 monitor used in the Township's ambulance. The final three payments in 2020 included \$2,533 in principle payments, and \$69 in interest. The monitor became Township property for \$1, as per the agreement.

Ellsworth Township
Mahoning County

Notes to the Financial Statements
For the Year Ended December 31, 2020

In March of 2020, the Township entered a new lease for an additional Lifepak-15 monitor for its second ambulance. The lease amount is for \$1,117.26 monthly, which includes a \$170 maintenance agreement. The first payment was made in August 2020.

Amortization

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

Year Ended December 31,	Lifepak-15 Monitor Lease		
	Principal Payment	Maintenance Payment	Interest Payment
2021	\$10,033	\$2,040	\$1,334
2022	10,644	2,040	723
2023	6,503	1,190	127
Total	\$27,180	\$5,270	\$2,184

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – 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. 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	Debt Service	Total
Outstanding Encumbrances	5,212	6,959	0	12,171
Total	\$5,212	\$6,959	\$0	\$12,171

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

Ellsworth Township
Mahoning County

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 13 – 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The Township was the recipient of \$84,345 in Ohio Coronavirus Relief Funds during 2020. The Township earned \$79 in interest on these funds, which were re-deposited into the Coronavirus Relief Fund. The Township utilized the funding in compliance with Ohio and Federal Guidelines as follows:

Item	Amount
Lucas Chest Compression System for Ambulance	\$10,180
Ultraviolet Light Air Purification System for Fire Station	850
Volunteer Firefighter and EMS Personnel	57,292
Total	\$68,322

The remaining \$16,102 is carried over to 2021, as per new federal and Ohio guidelines published in late 2020. The Township’s management believes that all rules and guidelines have been met with the Federal Funding. Any failure to comply could result in the need to return any misused funds to the State.

In May of 2020, the Board of Trustees approved a plan to commit two Fire/EMS personnel to be on-call at the fire station from 8:00 am to 4:00 pm. The program cost the Township approximately \$32,150, which was paid with the Ohio Coronavirus Relief Funds. The crews were able to reduce response time considerably versus waiting for volunteers to arrive or relying on other communities or a commercial vendor to arrive. The Board has considered continuing the program through the first half of 2021.

14 – Change in Accounting Principles & Restatement of Prior Year Balances

Fund Balance Classifications - GASB Statement No. 54

For 2020, the District has made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

This change had the following effect on beginning cash balances, as previously reported:

	General	Special Revenue	Debt Service	Total
December 31, 2019, Audited Balances	69,751	541,549	731	\$612,031
Remove Zoning Fund from the General Fund per GASB 54	(9,806)	9,806	0	0
Restated December 31, 2019 Balances	\$59,945	\$551,355	\$731	\$612,031

Ellsworth Township
Mahoning County

Notes to the Financial Statements
For the Year Ended December 31, 2020

Fiduciary Activities - GASB Statement No. 84

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

This change had no effect on beginning cash balances, as previously reported.



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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Ellsworth Township
Mahoning County
6036 South Salem Warren Road
Ellsworth, Ohio 44116

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, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements of Ellsworth Township, Mahoning County (the Township), and have issued our report thereon dated October 28, 2022, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

Report Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 and 2021-002 that we consider to be material weaknesses.

Report 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as item 2021-002.

Township's Response to Findings

The Township's response to the findings identified in our audit is described in the accompanying schedule of findings. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



CANTER & ASSOCIATES

Poland, Ohio

October 28, 2022

**ELLSWORTH TOWNSHIP
MAHONING COUNTY**

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

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

FINDING NUMBER 2021-001

MATERIAL WEAKNESS

Financial Reporting

Financial reporting is the responsibility of management, and it is essential that financial statements are presented fairly and free of material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs A14 & A16. The Governmental Accounting Standards Board (GASB) states that a governmental accounting system is required to make it possible for the funds and activities of the governmental unit to be presented fairly and with full disclosure in conformity with generally accepted accounting principles as well as to be able to determine and demonstrate compliance with finance-related legal and contractual provisions.

The following errors were noted:

2020:

- Gas Tax Fund debt payments of \$102,371 were incorrectly posted as Other Financing Uses instead of principal retirement and interest of \$100,108 and \$2,263, respectively.
- EMS Fund debt payments of \$7,338 were incorrectly posted as Capital Outlay and Public Safety instead of principal retirement and interest of \$6,540 and \$798, respectively.

2021:

- EMS Fund debt payments of \$11,367 were incorrectly posted as Capital Outlay and Public Safety instead of principal retirement and interest of \$10,033 and \$1,334, respectively.

The above adjustments have been reflected in the financial statements.

We recommend the Township ensure recording of financial transactions reporting to help ensure the information accurately reflects the activity of the Township and thereby increasing the reliability of the financial data throughout the year. The Fiscal Officer should reference applicable guidance from the Auditor of State, such as UAN manuals of the Ohio Township Manual when posting receipts and processing unusual transactions.

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

FINDING NUMBER 2021-001-continued

Official's Response:

Management agrees and the issue was corrected in 2022.

FINDING NUMBER 2021-002

NONCOMPLIANCE

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

<p style="text-align: center;">FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</p>

FINDING NUMBER 2021-002-continued

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

The Township did not properly certify the availability of funds prior to purchase commitment for 28% of the expenditures tested for 2021.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used.

Official's Response:

Management agrees and the issue was corrected in 2022.

ELLSWORTH TOWNSHIP

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TRUSTEES-

**ROBERT TOMAN
FREDRICK HOUSTON
WILLIAM SPELLMAN**

**FISCAL OFFICER-
JAMES DeCENSO
ZONING INSPECTOR
WAYNE SARNA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
FOR THE YEARS ENED DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Posting Receipts and Disbursements	Partially Corrected	Repeated as Finding 2021-001
2019-002	Ohio Revised Code Section 5705.41(D)	Partially Corrected	Repeated as Finding 2021-002
2019-003	Budgetary Controls	Corrected	

OHIO AUDITOR OF STATE KEITH FABER



ELLSWORTH TOWNSHIP

MAHONING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/20/2022

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