



OHIO AUDITOR OF STATE
KEITH FABER



HOWLAND TOWNSHIP
TRUMBULL COUNTY
DECEMBER 31, 2020

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Howland Township
Trumbull County
205 Niles-Cortland Road
Warren, Ohio 44484

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and the related notes of Howland Township, Trumbull County, Ohio (the Township).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Efficient • Effective • Transparent

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

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the financial statements referred to above 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, 2020, and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

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

Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding these matters.

Other Matters

Supplementary Information

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2021, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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

December 2, 2021

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HOWLAND TOWNSHIP, TRUMBULL COUNTY

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) All Governmental Fund Types

For the Year Ended December 31, 2020

| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Totals (Memorandum Only)</u> |
|--|------------------|------------------------|-------------------------|---|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$504,792 | \$5,925,402 | \$0 | \$6,430,194 |
| Charges for Services | 0 | 112,265 | 0 | 112,265 |
| Licenses, Permits and Fees | 363,692 | 700,806 | 0 | 1,064,498 |
| Fines and Forfeitures | 6,115 | 3,988 | 0 | 10,103 |
| Intergovernmental | 508,657 | 2,102,516 | 91,528 | 2,702,701 |
| Special Assessments | 6,513 | 0 | 0 | 6,513 |
| Earnings on Investments | 9,072 | 774 | 0 | 9,846 |
| Miscellaneous | 45,323 | 49,839 | 0 | 95,162 |
| <i>Total Cash Receipts</i> | <u>1,444,164</u> | <u>8,895,589</u> | <u>91,528</u> | <u>10,431,282</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| General Government | 1,051,975 | 0 | 45,784 | 1,097,759 |
| Public Safety | 137,887 | 5,159,262 | 0 | 5,297,149 |
| Public Works | 81,445 | 1,668,388 | 54,744 | 1,804,577 |
| Health | 63,263 | 929,489 | 0 | 992,752 |
| Principal Retirement | 0 | 123,670 | 4,608 | 128,278 |
| Interest and Fiscal Charges | 0 | 26,210 | 0 | 26,210 |
| <i>Total Cash Disbursements</i> | <u>1,334,570</u> | <u>7,907,019</u> | <u>105,136</u> | <u>9,346,725</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>109,594</u> | <u>988,571</u> | <u>(13,608)</u> | <u>1,084,557</u> |
| Other Financing Receipts (Disbursements) | | | | |
| Sale of Capital Assets | 2,646 | 37,469 | 0 | 40,115 |

See accompanying notes to the financial statements

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

| | General | Special Revenue | Capital Projects | Totals (Memorandum Only) |
|---|------------------|--------------------|------------------|--------------------------|
| Transfers In | 0 | 86,597 | 37,823 | 124,420 |
| Transfers Out | (124,420) | 0 | 0 | (124,420) |
| Advances In | 175,000 | 175,000 | 0 | 350,000 |
| Advances Out | (175,000) | (175,000) | 0 | (350,000) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(121,774)</u> | <u>124,066</u> | <u>37,823</u> | <u>40,115</u> |
| <i>Net Change in Fund Cash Balances</i> | (12,180) | 1,112,637 | 24,215 | 1,124,672 |
| <i>Fund Cash Balances, January 1</i> | 678,504 | 1,076,777 | 25,138 | 1,780,419 |
| <i>Fund Cash Balances, December 31</i> | <u>\$666,324</u> | <u>\$2,189,414</u> | <u>\$49,353</u> | <u>\$2,905,091</u> |

See accompanying notes to the financial statements

HOWLAND TOWNSHIP, TRUMBULL COUNTY

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)

All Fiduciary Fund Types

For the Year Ended December 31, 2020

| | Other Custodial | Totals (Memorandum Only) |
|---------------------------------------|-----------------|--------------------------|
| Other Distributions | 23,581 | 23,581 |
| Total Deductions | 23,581 | 23,581 |
| Net Change in Fund Balances | (23,581) | (23,581) |
| Fund Cash Balances, January 1 | 23,581 | 23,581 |
| Fund Cash Balances December 31 | <u>0</u> | <u>0</u> |

See accompanying notes to the financial statements

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HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - REPORTING ENTITY

Howland Township, Trumbull County, Ohio (the "Township") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees.

The Township provides the following services: police and fire protection, road and bridge maintenance, cemetery maintenance and emergency medical services as well as general governmental services.

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

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductible. This organization is discussed in Note 9.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Fund Accounting

The Township uses fund accounting 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 is used to account for all financial resources of the Township except those required to be accounted for 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:

Road and Bridge - This fund accounts for tax and grant receipts and their use as they pertain to the Township's roads.

Police District - This fund accounts for revenues collected for police operations.

Fire District - This fund accounts for revenues collected for fire operations.

Capital Projects Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital projects funds:

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Golden Triangle Wetland Acquisition - This fund accounts for grant receipts from local government Economic Development Authority restricted for use in a wetland acquisition project to protect the existing wetlands, streams, and forests on the site and their storm water storage and water filtration capacity.

Rosegarden Storm Sewer - This fund accounts for grant receipts from the State restricted for use on construction of the Rosegarden area's storm sewers.

Fiduciary Funds - Fiduciary funds include private purpose trust funds, investment trust funds and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's custodial fund account for fire loss and demolition receipts and expenditures.

C. 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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

Appropriations - Budgetary expenditures (that is disbursement and encumbrances) may not exceed appropriations at the fund, department and 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 current year budgetary activity appears in Note 4.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Deposits and Investments

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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.

During 2020, the Township invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. The Township measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

F. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

The acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability in the accompanying financial statements.

I. Long-term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay disbursement is reported at inception. Lease payments are reported when paid.

J. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. 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 reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Committed - Trustees can commit amounts via formal action (resolution). The Township must

HOWLAND TOWNSHIP, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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 only used to report a deficit fund 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 - 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. The carrying amount of deposits and investments at December 31 was as follows:

| | |
|-----------------|---------------------|
| | <u>2020</u> |
| Deposits: | |
| Demand deposits | \$ 821,343 |
| Investments: | |
| STAR Ohio | <u>2,083,749</u> |
| Total | <u>\$ 2,905,092</u> |

Deposits are insured by the Federal Depository Insurance Corporation (FDIC); 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.

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

NOTE 4 - BUDGETARY ACTIVITY

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

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|----------------------|-------------------|
| General | \$ 1,221,568 | \$ 1,621,812 | \$ 400,244 |
| Special Revenue | 8,819,439 | 9,194,656 | 375,217 |
| Capital Projects | <u>336,620</u> | <u>129,351</u> | <u>(207,269)</u> |
| Total | <u>\$ 10,377,627</u> | <u>\$ 10,945,819</u> | <u>\$ 568,192</u> |

Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|----------------------------|---------------------------|-------------------|
| General | \$ 1,676,852 | \$ 1,638,899 | \$ 37,953 |
| Special Revenue | 8,607,863 | 8,113,801 | 494,062 |
| Capital Projects | <u>357,150</u> | <u>105,136</u> | <u>252,014</u> |
| Total | <u>\$ 10,641,865</u> | <u>\$ 9,857,836</u> | <u>\$ 784,029</u> |

NOTE 5 - PROPERTY TAXES

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

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

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

NOTE 6 - DEBT OBLIGATIONS

Debt outstanding at December 31, 2020 was as follows:

| | <u>Principal</u> |
|---------------------------|-------------------|
| <u>OPWC loans:</u> | |
| Culvert replacement | \$ 62,207 |
| Road resurfacing | <u>280,028</u> |
| Total OPWC loans | <u>342,235</u> |
| Lease-purchase obligation | <u>614,846</u> |
| Total | <u>\$ 957,081</u> |

The Township has entered into two debt financing arrangements with the Ohio Public Works Commission (OPWC) to fund culvert replacement and road resurfacing projects. The culvert replacement loan was issued in 2013 for \$92,159 and is a 20-year, interest free loan with a final maturity in 2034. Principal payments were paid from the culvert replacement capital projects fund in 2019. The road resurfacing loan was issued in the

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

amount of \$311,142. The interest free loan is to be repaid over a 10-year period, beginning in 2020 and maturing in 2029.

The Township has entered into a lease-purchase obligation to acquire a new fire truck. Semi-annual payments, including interest at 3.76%, are payable each April 15 and October 15. The final payment is due April 15, 2028. Payments of principal and interest are made from the fire district fund.

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

| Year Ending December 31, | OPWC Loans | Lease- Purchase Obligation |
|-----------------------------|-------------------|----------------------------------|
| 2021 | \$ 35,722 | \$ 94,844 |
| 2022 | 35,722 | 94,844 |
| 2023 | 35,722 | 94,844 |
| 2024 | 35,722 | 94,844 |
| 2025 | 35,721 | 94,844 |
| 2026 - 2030 | 147,498 | 237,110 |
| 2031 - 2034 | <u>16,128</u> | <u>-</u> |
| Total | <u>\$ 342,235</u> | \$ 711,330 |

NOTE 7 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System (OPERS)

Township employees, other than full-time police officers and fire fighters, participate in 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. The contribution rates for 2020 are summarized in the following table:

| <i>Retirement Rates</i> | <i>Year</i> | <i>Member Rate</i> | <i>Employer Rate</i> |
|--------------------------------|------------------|--------------------|----------------------|
| <i>OPERS – Local</i> | <i>2012-2020</i> | <i>10%</i> | <i>14%</i> |
| <i>OPERS – Public Safety</i> | <i>2014-2020</i> | <i>12%</i> | <i>18.1%</i> |
| <i>OPERS – Law Enforcement</i> | <i>2014-2020</i> | <i>13%</i> | <i>18.1%</i> |

The Township has paid all contributions required through December 31, 2020.

Ohio Police and Fire Pension Fund

The Township’s certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postemployment health care and survivor and disability benefits

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

The Ohio Revised Code also prescribes contribution rates. The contribution rates for 2020 are summarized

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

in the following table: The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 19.5 percent of full – time police member’s wages and 24 percent of full-time fire fighter’s wages, respectively.

| <i>Retirement Rates</i> | <i>Year</i> | <i>Member Rate</i> | <i>Employer Rate</i> |
|---|--|--------------------|----------------------|
| <i>OP&F- full time police</i> | <i>July 1, 2014- June 30, 2015</i> | <i>11.50%</i> | <i>19.5%</i> |
| <i>OP&F- full time police</i> | <i>July 1, 2015- December 31, 2020</i> | <i>12.25%</i> | <i>19.5%</i> |
| <i>OP&F- full time firefighters</i> | <i>July 1, 2014- June 30, 2015</i> | <i>11.50%</i> | <i>24%</i> |
| <i>OP&F- full time firefighters</i> | <i>July 1, 2015- December 31, 2020</i> | <i>12.25%</i> | <i>24%</i> |

The Township has paid all contributions required through December 31, 2020.

NOTE 8 - POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F 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 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. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

NOTE 9 - RISK MANAGEMENT

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA assumes the risk of loss up to the limits of the Township’s policy. OTARMA covers the following risks:

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

NOTE 9 - RISK MANAGEMENT (con’t)

OTARMA reported the following summary of actuarially-measured liabilities and assets available to pay those liabilities as of December 31, 2019 (the latest information available):

HOWLAND TOWNSHIP, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2019

| | |
|-----------------------|---------------|
| Cash and investments | \$ 35,207,320 |
| Actuarial liabilities | 10,519,942 |

NOTE 10 - CONTINGENT LIABILITIES

The Township is not party to any pending litigation that, in the opinion of management, will materially adversely affect the Township’s financial condition.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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 11 - FUND BALANCES

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 | \$ 4,907 | \$ 31,782 | \$ 36,689 |
| Total | \$4,907 | \$31,782 | \$36,689 |

The fund balance of special revenue funds is either restricted or committed. The fund balance of permanent funds that is not part of the nonexpendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, capital projects, and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned. The fund balance of debt service funds and capital projects funds are restricted, committed, or 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. 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. During 2020, the Township received CARES Act funding. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

For 2020, the Township has made a change to their cash basis reporting model. This change consists of removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

**HOWLAND TOWNSHIP
TRUMBULL COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title | Federal CFDA Number | Pass Through Entity Identifying Number | Total Federal Expenditures |
|---|------------------------------------|---|---------------------------------------|
| U.S. DEPARTMENT OF TREASURY | | | |
| <i>Passed Through Ohio Office of Budget and Management</i> | | | |
| <i>Passed Through Trumbull County Auditor's Office, Ohio</i> | | | |
| COVID-19 Coronavirus Relief Fund | 21.019 | HB481-CRF-Local | <u>\$924,560</u> |
| Total U.S. Department of Treasury | | | <u>924,560</u> |
| Total Expenditures of Federal Awards | | | <u>\$924,560</u> |

The accompanying notes are an integral part of this schedule.

**HOWLAND TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Howland Township (the Township) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Township, it is not intended to and does not present the financial position or changes in net position of the Township.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Township has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

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

Howland Township
Trumbull County
205 Niles-Cortland Road
Warren, Ohio 44484

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, of the Howland Township, Trumbull County, (the Township), and the related notes, and have issued our report thereon dated December 2, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, and wherein we referred to the financial impact of COVID-19 and the ensuing emergency measures that may impact subsequent periods.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 2, 2021

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Howland Township
Trumbull County
205 Niles-Cortland Road
Warren, Ohio 44484

To the Board of Trustees:

Report on Compliance for each Major Federal Program

We have audited the Howland Township's (the Township) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Howland Township's major federal program for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Township's major federal program.

Management's Responsibility

The Township's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Township's compliance the Township's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Township's major program. However, our audit does not provide a legal determination of the Township's compliance.

Opinion on the Major Federal Program

In our opinion, the Howland Township complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

The Township's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Township's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Township's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 2, 2021

**HOWLAND TOWNSHIP
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|--|
| (d)(1)(i) | Type of Financial Statement Opinion | Unmodified |
| (d)(1)(ii) | Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material weaknesses in internal control reported for major federal programs? | No |
| (d)(1)(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unmodified |
| (d)(1)(vi) | Are there any reportable findings under 2 CFR § 200.516(a)? | No |
| (d)(1)(vii) | Major Programs (list): Coronavirus Relief Fund | CFDA # 21.019 |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 750,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee under 2 CFR § 200.520? | No |

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

4. OTHER – FINDINGS FOR RECOVERY

We identified the following issue related to Findings for Recovery. The issue did not impact our GAGAS or Single Audit Compliance and Controls reports.

1. **Employee Overpayment - Finding for Recovery Repaid Under Audit**

FINDING NUMBER 2020-001

A fire department employee was overpaid by two hours for 19 pay dates in 2020 due to a clerical error. This resulted in the employee being overpaid by \$762 for the entire year. In addition, the employee was overpaid in 2021 by \$441 for the same error.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Nicholas Schreckengost, Firefighter/Medic, for \$1,203 and in favor of the Township Fire Fund.

Mr. Schreckengost repaid the Township in full on October 1, 2021 by receiving his paycheck for hours worked less an amount equal to the repayment amount owed.

The Township should review payroll reports to verify that employees are being paid for the correct number of hours.

Official's Response: Repayment in full by the employee.

BOARD OF TRUSTEES

Rick G. Clark
Dr. James J. LaPolla Jr.
Matthew G. Vansuch

Fiscal Officer

Robert M. Costello

Financial Office

Vanessa Stroup

Administrative Offices

TEL (330) 856-2340
FAX (330) 856-3278



ADMINISTRATOR

Darlene M. St. George

Fire Chief

James, T. Pantalone (330) 856-5022

Police Chief

Nick L. Roberts (330) 856-5555

Public Works Director

David L. McCann (330) 856-4037

Planning Director

Kim Mascarella (330) 856-3461

Zoning Administrator

Daniel Morgan (330) 856-5223

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

DECEMBER 31, 2020

| Finding Number | Finding Summary | Status | Additional Information |
|----------------|-----------------|-------------------------|------------------------|
| 2019-001 | SOC 1 Report | Finding no Longer Valid | |

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OHIO AUDITOR OF STATE KEITH FABER



HOWLAND TOWNSHIP

TRUMBULL 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 1/25/2022

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