



**JOHNSTON TOWNSHIP  
TRUMBULL COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2023 & 2022**





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Columbus, Ohio 43215  
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800-282-0370

Board of Trustees  
Johnston Township  
PO Box 639  
Cortland, OH 44410

We have reviewed the *Independent Auditor's Report* of Johnston Township, Trumbull County, prepared by Canter & Associates, for the audit period January 1, 2022 through December 31, 2023. 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. Johnston 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

October 07, 2024

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**JOHNSTON TOWNSHIP  
TRUMBULL COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

Johnston Township  
Trumbull County  
PO Box 639  
Cortland, Ohio 44410

To the Board of Trustees:

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

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

We have audited the financial statements of Johnston Township, Trumbull County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2023 and 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, 2022, 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 year ended December 31, 2023 and 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, 2022, 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, 2023 and 2022, 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.

***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 August 26, 2024, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Canter & Associates**

Poland, Ohio

August 26, 2024

# Johnston Township

Trumbull 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, 2023

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 104,755	\$ 200,611	\$ -	\$ 305,366
Charges for Services	-	349,931	-	349,931
Licenses, Permits, and Fees	862	1,545	-	2,407
Intergovernmental	47,689	398,276	145,063	591,028
Earnings on Investments	25,821	4,839	-	30,660
Miscellaneous	57,288	31,144	-	88,432
<i>Total Cash Receipts</i>	<u>236,415</u>	<u>986,346</u>	<u>145,063</u>	<u>1,367,824</u>
<b>Cash Disbursements</b>				
Current:				
General Government	157,309	270	-	157,579
Public Safety	117	641,871	-	641,988
Public Works	-	259,862	-	259,862
Health	10,505	5,305	-	15,810
Conservation-Recreation	21,745	-	-	21,745
Capital Outlay	23,602	236,952	145,063	405,617
Debt Service:				
Principal Retirement	-	74,806	-	74,806
Interest and Fiscal Charges	-	13,704	-	13,704
<i>Total Cash Disbursements</i>	<u>213,278</u>	<u>1,232,770</u>	<u>145,063</u>	<u>1,591,111</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>23,137</u>	<u>(246,424)</u>	<u>-</u>	<u>(223,287)</u>
<b>Other Financing Receipts/(Disbursements)</b>				
Sale of Capital Assets	-	347	-	347
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>-</u>	<u>347</u>	<u>-</u>	<u>347</u>
<i>Net Change in Fund Cash Balances</i>	<u>23,137</u>	<u>(246,077)</u>	<u>-</u>	<u>(222,940)</u>
Fund Cash Balances, January 1	<u>563,209</u>	<u>726,431</u>	<u>-</u>	<u>1,289,640</u>
<i>Total Fund Cash Balances, December 31</i>	<u>\$ 586,346</u>	<u>\$ 480,354</u>	<u>\$ -</u>	<u>\$ 1,066,700</u>

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

**Johnston Township**  
*Trumbull County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Johnston Township, Trumbull County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services along with having a Township park. The Township contracts Gustavus Township, Kinsman Township, Greene Township and Vernon Township to provide fires service and Paramedic / Emergency Medical services.

***Public Entity Risk Pools***

The Township participates in two public entity risk pools. Note 6 and 12 to the financial statements provides additional information for these entities, which are:

Public Entity Risk Pool - Ohio Township Association Risk Management Authority (OTARMA)

Public Entity Risk Pool - Ohio Municipal League Group Rating Plan

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:

***Special Levy Fire Fund*** – This fund receives property tax money for the support of the Fire Department for the Township.

**Johnston Township**  
*Trumbull County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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***Ambulance and Emergency Medical Fund*** – This fund receives property tax money as well as charges for services to support services provided to the residents of the Township.

***Gas Tax Fund*** – This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

***Capital Project 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 fund:

***Issue II Fund*** – This fund receives OPWC grant money to pay for various construction projects throughout the Township.

***Basis of Accounting***

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

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

***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 2023 budgetary activity appears in Note 3.

***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.

**Johnston Township**  
*Trumbull County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured 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 a NAV per share that approximates fair value

***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.

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

**Johnston Township**  
Trumbull County

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$268,519	\$236,415	(\$32,104)
Special Revenue	999,512	986,693	(12,819)
Capital Projects	0	145,063	145,063
Total	\$1,268,031	\$1,368,171	\$100,140

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$631,612	\$213,950	\$417,662
Special Revenue	1,355,504	1,234,553	120,951
Capital Projects	141,478	145,063	(3,585)
Total	\$2,128,594	\$1,593,566	\$535,028

**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:

	2023
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$664,532
Total deposits	664,532
STAR Ohio	402,168
Total investments	402,168
<i>Total carrying amount of deposits and investments held in the Pool</i>	\$1,066,700

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, 2023, the Township is holding \$2,455 in unremitted employee payroll withholdings.

**Johnston Township**  
*Trumbull County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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***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.

***Investments***

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

**Note 5 – Property Taxes**

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

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

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

**Note 6 – Risk Management**

***Workers' Compensation***

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

The Township participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six-member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

***Risk Pool Membership***

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

**Johnston Township**  
*Trumbull County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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- 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>2023</u>
Cash and Investments	\$33,494,457
Actuarial liabilities	10,885,549

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

***Social Security***

Township employees 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, 2023.

**Note 8 – Postemployment Benefits**

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



**Johnston Township**  
*Trumbull County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

**Note 9 – 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 10 – Debt**

In 2019, the Township entered into a financed purchase agreement with Community First National Bank to finance the purchase of a Sutphen fire truck. This purchase agreement will mature on April 25, 2028.

In 2019, the Township entered into a financed purchase agreement with Community First National Bank to finance the purchase of a Braun ambulance. This agreement will mature on April 25, 2024.

	Principal Outstanding 12/31/22	Additions	Deductions	Principal Outstanding 12/31/23	Due in One Year
2019 Sutphen Fire Truck	\$312,715	\$0	(\$39,781)	\$272,934	\$41,310
2019 Braun Ambulance	53,038	0	(35,025)	18,013	18,013
<i>Total Outstanding</i>	<u>\$365,753</u>	<u>\$0</u>	<u>(\$74,806)</u>	<u>\$290,947</u>	<u>\$59,323</u>

*Principal & Interest Remaining to be paid  
on these obligations are as follows:*

	Fire Truck		Ambulance		Total
	Principal	Interest	Principal	Interest	
2024	\$18,013	\$342	\$41,310	\$10,492	\$70,157
2025	0	0	42,898	8,903	51,801
2026	0	0	44,547	7,255	51,802
2027	0	0	46,259	5,542	51,801
2028	0	0	48,037	3,764	51,801
2029	0	0	49,883	1,917	51,800
Total	<u>\$18,013</u>	<u>\$342</u>	<u>\$272,934</u>	<u>\$37,873</u>	<u>\$329,162</u>

**Johnston Township**  
*Trumbull County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 11 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	672	1,783	0	2,455
Total	<u>\$672</u>	<u>\$1,783</u>	<u>\$0</u>	<u>\$2,455</u>

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

**Note 12 – Public Entity Risk Pools**

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA). OTARMA is a risk sharing pool available to Ohio Townships to provide 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 participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six-member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 13 – Joint Venture**

The Township operates an Emergency Medical Service which provides emergency and ambulance services to the residents of Johnston Township and is willing by contract to provide Emergency Medical and Ambulance Services (EMS) to the residents of neighboring four townships: Gustavus Township, Greene Township, Kinsman Township, and Vernon Township. Each Township, except Gustavus, adopted a 2-mil levy for Emergency Medical Services and is billed annually with semi-annual installments. Gustavus adopted a 3-mill levy.

**Johnston Township**  
Trumbull County, Ohio

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 105,891	\$ 201,909	\$ -	\$ 307,800
Charges for Services	-	343,320	-	343,320
Licenses, Permits, and Fees	1,300	1,510	-	2,810
Intergovernmental	47,129	283,827	59,766	390,722
Special Assessments	207	-	-	207
Earnings on Investments	7,378	1,606	-	8,984
Miscellaneous	87,736	17,732	-	105,468
<i>Total Cash Receipts</i>	<u>249,641</u>	<u>849,904</u>	<u>59,766</u>	<u>1,159,311</u>
<b>Cash Disbursements</b>				
Current:				
General Government	170,582	167	-	170,749
Public Safety	275	475,466	-	475,741
Public Works	-	139,119	-	139,119
Health	169	8,222	-	8,391
Conservation-Recreation	10,355	-	-	10,355
Capital Outlay	36,315	75,847	59,766	171,928
Debt Service:				
Principal Retirement	-	72,041	-	72,041
Interest and Fiscal Charges	-	16,468	-	16,468
<i>Total Cash Disbursements</i>	<u>217,696</u>	<u>787,330</u>	<u>59,766</u>	<u>1,064,792</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>31,945</u>	<u>62,574</u>	<u>-</u>	<u>94,519</u>
<b>Other Financing Receipts/(Disbursements)</b>				
Sale of Capital Assets	-	66,000	-	66,000
Transfers In	2,781	2,654	-	5,435
Transfers Out	-	(5,435)	-	(5,435)
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>2,781</u>	<u>63,219</u>	<u>-</u>	<u>66,000</u>
<i>Net Change in Fund Cash Balances</i>	34,726	125,793	-	160,519
Fund Cash Balances, January 1	528,483	600,638	-	1,129,121
<i>Total Fund Cash Balances, December 31</i>	<u><b>\$ 563,209</b></u>	<u><b>\$ 726,431</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 1,289,640</b></u>

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

**Johnston Township**  
Trumbull County, Ohio

Statement of Additions, Deductions, and  
Changes in Fund Balance (Regulatory Cash Basis)  
Fiduciary Fund Type  
For the Year Ended December 31, 2022

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	<u><b>Custodial</b></u>
<b>Additions</b>	
Deposits Received	\$ -
<b>Deductions</b>	
Distributions of Deposits	<u>56,640</u>
<i>Net Change in Fund Balance</i>	(56,640)
<i>Fund Cash Balance, January 1</i>	<u>56,640</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$ -</u></u>

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

**Johnston Township**  
*Trumbull County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Johnston Township, Trumbull County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services along with having a Township park. The Township contracts Gustavus Township, Kinsman Township, Greene Township and Vernon Township to provide fires service and Paramedic / Emergency Medical services.

***Public Entity Risk Pools***

The Township participates in two public entity risk pools. Note 6 and 12 to the financial statements provides additional information for these entities, which are:

Public Entity Risk Pool - Ohio Township Association Risk Management Authority (OTARMA)

Public Entity Risk Pool - Ohio Municipal League Group Rating Plan

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:

***Special Levy Fire Fund*** – This fund receives property tax money for the support of the Fire Department for the Township.

**Johnston Township**  
*Trumbull County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***Ambulance and Emergency Medical Fund*** – This fund receives property tax money as well as charges for services to support services provided to the residents of the Township.

***Gas Tax Fund*** – This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

***American Rescue Plan Fund*** (ARP) The American Rescue Plan (ARP) fund accounts for and reports non-entitlement units of government (NEUs) funds restricted to provide relief to ensure an equitable, transparent, and responsible recovery from the COVID-19 pandemic and related economic crisis for all Americans. It provides support for health emergencies, premium pay for essential workers, revenue loss coverage and investments in broadband infrastructure within the Township.

***Capital Project 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 fund:

***Issue II Fund*** – This fund receives OPWC grant money to pay for various construction projects throughout the Township.

***Fiduciary Funds*** Fiduciary funds include private purpose 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 holds insurance proceeds from a 2021 fire at a home within the Township. The proceeds are returned to the named insured when repairs, removal, or securing of the structure has been completed and the required proof has been received by the Township.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

***Basis of Accounting***

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

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

**Johnston Township**  
*Trumbull County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***Budgetary Process***

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

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

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

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

A summary of 2022 budgetary activity appears in Note 3.

***Deposits 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.

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured 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 a NAV per share that approximates fair value

***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.

**Johnston Township**  
Trumbull County

*Notes to the Financial Statements*  
For the Year Ended December 31, 2022

**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.

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$206,677	\$252,422	\$45,745
Special Revenue	895,682	918,558	22,876
Capital Projects	0	59,766	59,766
Total	\$1,102,359	\$1,230,746	\$128,387

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$726,184	\$218,333	\$507,851
Special Revenue	1,369,220	794,207	518,373
Capital Projects	0	59,766	(59,766)
Total	\$2,095,404	\$1,072,306	\$966,458



**Johnston Township**  
*Trumbull County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**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:

	<u>2022</u>
<b><i>Cash Management Pool:</i></b>	
Demand deposits	<u>\$908,598</u>
Total deposits	<u>908,598</u>
STAR Ohio	<u>381,042</u>
Total investments	<u>381,042</u>
<i>Total carrying amount of deposits and investments held in the Pool</i>	<u><u>\$1,289,640</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, 2022, the Township is holding \$2,079 in unremitted employee payroll withholdings.

***Deposits***

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

***Investments***

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

**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.

**Johnston Township**  
*Trumbull County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 6 – Risk Management**

***Workers’ Compensation***

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

The Township participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six-member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of Johnston 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>2022</u>
Cash and Investments	\$32,288,098
Actuarial liabilities	9,146,434

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

**Johnston Township**  
*Trumbull County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

***Social Security***

Township employees 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, 2022.

**Note 8 – Postemployment Benefits**

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

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

**Note 9 – 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 10 – Debt**

In 2019, the Township entered into a financed purchase agreement with Community First National Bank to finance the purchase of a Sutphen fire truck. This purchase agreement will mature on April 25, 2028.

In 2019, the Township entered into a financed purchase agreement with Community First National Bank to finance the purchase of a Braun ambulance. This agreement will mature on April 25, 2024.

**Johnston Township**  
Trumbull County

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

	Principal Outstanding 12/31/21	Additions	Deductions	Principal Outstanding 12/31/22	Due in One Year
2019 Sutphen Fire Truck	\$351,023	\$0	(\$38,308)	\$312,715	\$39,781
2019 Braun Ambulance	86,771	0	(33,733)	53,038	35,025
<i>Total Outstanding</i>	<u>\$437,794</u>	<u>\$0</u>	<u>(\$72,041)</u>	<u>\$365,753</u>	<u>\$74,806</u>

*Principal & Interest Remaining to be paid  
on these obligations are as follows:*

	Fire Truck		Ambulance		Total
	Principal	Interest	Principal	Interest	
2023	\$35,025	\$1,383	\$39,781	\$12,021	\$88,210
2024	18,013	342	41,310	10,492	70,157
2025	0	0	42,898	8,903	51,801
2026	0	0	44,547	7,255	51,802
2027	0	0	46,259	5,542	51,801
2028-2029	0	0	97,920	5,681	103,601
Total	<u>\$53,038</u>	<u>\$1,725</u>	<u>\$312,715</u>	<u>\$49,894</u>	<u>\$417,372</u>

**Note 11 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	637	1,442	0	2,079
Total	<u>\$637</u>	<u>\$1,442</u>	<u>\$0</u>	<u>\$2,079</u>

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

**Johnston Township**  
*Trumbull County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 12 – Public Entity Risk Pools**

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA). OTARMA is a risk sharing pool available to Ohio Townships to provide 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 participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six-member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 13 – Joint Venture**

The Township operates an Emergency Medical Service which provides emergency and ambulance services to the residents of Johnston Township and is willing by contract to provide Emergency Medical and Ambulance Services (EMS) to the residents of neighboring four townships: Gustavus Township, Greene Township, Kinsman Township, and Vernon Township. Each Township adopted a 2-mil levy for Emergency Medical Services and is billed annually with semi-annual installments.

**Note 14 – COVID-19**

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

The Township received (Covid-19) American Rescue Plan Act Funding in the amount of \$97,774 in 2022.



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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***

Johnston Township  
Trumbull County  
PO Box 639  
Cortland, Ohio 44410

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 year ended December 31, 2023 and 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, 2022, and the related notes to the financial statements of Johnston Township, Trumbull County (the Township), and have issued our report thereon dated August 26, 2024, 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.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 that we consider to be a significant deficiency.

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

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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

August 26, 2024

**JOHNSTON TOWNSHIP  
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2023-001**

**SIGNIFICANT DEFICIENCY**

**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.

Auditor of State Bulletins 2000-008 and 2002-004 provide guidance for local governments participating in on-behalf programs with other governments as to the application of Statement No. 24 of the Governmental Accounting Standards Board. In general, when a local government enters into an on-behalf program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf disbursements are made. Per Auditor of State Bulletin 2002-004, the Township should record a receipt and expenditure transaction to account for any payments made on its behalf in the capital projects fund established for these transactions.

The following errors were noted:

2023:

- OPWC monies were received and paid directly to the vendor in the amount of \$145,063 and were not recorded as a memo receipt and expenditure.

2022:

- OPWC monies were received and paid directly to the vendor in the amount of \$59,766 and were not recorded as a memo receipt and expenditure.

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.



**Official's Response:**

Management agrees and the issue was corrected going forward.

**Johnston Township Board of Trustees**  
PO Box 639, Cortland, OH 44410

Davis W. Denman, Jr., Chairman  
James N. Carnes, Jr. Vice-Chairman

Dominic Marchese, Trustee  
Sharon L. Carlson, Fiscal Officer

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR 200.511(b)**  
**FOR THE YEARS ENED DECEMBER 31, 2023 AND 2022**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2021-001	Accurate Record of Accounts and Transactions	Partially Corrected	Repeated as finding 2023-001

# OHIO AUDITOR OF STATE KEITH FABER



**JOHNSTON 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 10/17/2024**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)