

BOSTON TOWNSHIP

SUMMIT COUNTY

Regular Audit

For the Years Ended December 31, 2019 and 2018



OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
Boston Township
PO Box 123
Peninsula, OH 44264

We have reviewed the *Independent Auditor's Report* of Boston Township, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. 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. Boston Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 3, 2020

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Boston Township
Summit County
For the Years Ended December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

Boston Township
Summit County
PO Box 123,
Peninsula, OH 44264

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Boston Township, Summit County, Ohio (the Township) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe 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 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 determined, 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, 2019 and 2018, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

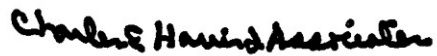
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Boston Township, Summit County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial 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 11 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2020, on our consideration of the Township's internal control over financial reporting and on 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.



Charles E. Harris & Associates, Inc.
May 10, 2020

Boston Township
Summit County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$50,698	\$170,591	\$221,289
Charges for Services	24,557	0	24,557
Licenses, Permits and Fees	15,211	0	15,211
Fines and Forfeitures	15,966	0	15,966
Intergovernmental	291,701	207,441	499,142
Earnings on Investments	34,470	1,379	35,849
Miscellaneous	19,317	0	19,317
<i>Total Cash Receipts</i>	<u>451,920</u>	<u>379,411</u>	<u>831,331</u>
Cash Disbursements			
Current:			
General Government	191,036	0	191,036
Public Safety	1,233	252,463	253,696
Public Works	11,970	145,224	157,194
Health	7,920	0	7,920
<i>Total Cash Disbursements</i>	<u>212,159</u>	<u>397,687</u>	<u>609,846</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	239,761	(18,276)	221,485
Other Financing Receipts (Disbursements)			
Transfers In	0	60,000	60,000
Transfers Out	(60,000)	0	(60,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(60,000)</u>	<u>60,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	179,761	41,724	221,485
<i>Fund Cash Balances, January 1</i>	<u>1,576,993</u>	<u>173,653</u>	<u>1,750,646</u>
Fund Cash Balances, December 31			
Restricted	0	215,377	215,377
Assigned	86,681	0	86,681
Unassigned	1,670,073	0	1,670,073
<i>Fund Cash Balances, December 31</i>	<u>\$1,756,754</u>	<u>\$215,377</u>	<u>\$1,972,131</u>

See accompanying notes to the financial statements

Boston Township
Summit County
Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2019

	Fiduciary Fund Type
	Custodial
Operating Cash Receipts	
Miscellaneous	\$ 1,402
<i>Total Operating Cash Receipts</i>	1,402
Operating Cash Disbursements	
Other	2,506
<i>Total Operating Cash Disbursements</i>	2,506
<i>Operating Income (Loss)</i>	(1,104)
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	642
<i>Total Non-Operating Receipts (Disbursements)</i>	642
<i>Net Change in Fund Cash Balances</i>	(462)
<i>Fund Cash Balances, January 1</i>	2,241
<i>Fund Cash Balances, December 31</i>	\$ 1,779

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

Boston Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Boston Township, Summit County, Ohio (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 and zoning. The Township contracts with the Village of Peninsula to provide police protection. The Township receives fire and emergency medical services from the Valley Fire District, a jointly governed organization.

Public Entity Risk Pool

The Township participates in the Ohio Plan Risk Management, Inc., a risk sharing pool available to Ohio townships. Note 6 to the financial statements provides additional information for this entity.

Jointly Governed Organizations

The Township participates in the Boston Township-City of Cuyahoga Falls Joint Economic Development District and Boston Township-Village of Peninsula Joint Economic Development District, which are jointly governed organizations. The Township also receives fire and emergency medical services from the Valley Fire District, a jointly governed organization. Note 9 to the financial statements provides additional information for these organizations.

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 statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for the fiduciary fund type which are organized on a fund type basis.

Fund Accounting

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

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

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

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

Boston Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Police Fund The police fund accounts for and reports receipts of property tax money for the purpose of providing police protection to the Township residents through the Village of Peninsula.

Fiduciary Fund Fiduciary funds include custodial funds. Custodial funds are used to report fiduciary activity that is not required to be reported in a trust fund. The Township’s custodial fund accounts for donations received from residents for Christmas disbursements.

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 disbursements 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.

Budgetary Process

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

Appropriations Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the 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 re-appropriated.

A summary of 2019 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.

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.

Boston Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Capital Assets

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

Accumulated Leave

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

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.

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 The 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. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Trustees or a Township official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund.

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

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

Boston Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 339,586	\$ 451,920	\$ 112,334
Special Revenue	348,171	439,411	91,240

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 465,900	\$ 309,964	\$ 155,936
Special Revenue	409,783	400,152	9,631

Note 4 – Deposits and Investments

The Township maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2019
Demand deposits	\$ 408,581
STAR Ohio Plus	1,462
Total deposits	410,043
STAR Ohio	1,563,867
Total investments	1,563,867
Total deposits and investments	\$ 1,973,910

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.

Boston Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 homestead and rollback deductions. The financial statements include homestead and rollback 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

Risk Pool Membership

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018 (latest information available).

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Boston Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

All 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 8 – Postemployment Benefits

OPERS offers a 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% during calendar year 2019.

Note 9 – Jointly Governed Organizations

Boston Township – City of Cuyahoga Falls Joint Economic Development District (BTCFJEDD)

The Township participates in a Joint Economic Development District (the BTCFJEDD) with the City of Cuyahoga Falls. The purpose of the BTCFJEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State, the County, the Township and the City. The Township and the City agree to use their best efforts to ensure the District will be populated with high quality development and high paying jobs. At the same time, the BTCFJEDD prevents further annexation of Township property by another City and maintains the Township's rural character and property tax base. The Board of Directors consists of six members: two from the City, two from the Township, one individual representing the active businesses within the BTCFJEDD, and one individual representing the employees of active businesses within the BTCFJEDD. The Township members shall be appointed by the Township Trustees. The City members shall be appointed by the Mayor. The business representative shall be appointed by the Township Trustees and shall be a resident of the Township. The employee representative shall be appointed by the Mayor and shall be a resident of the City. The Board is authorized to take such necessary and appropriate actions, or establish such programs to facilitate economic development in the BTCFJEDD area. Financial information can be obtained by contacting Brian Hoffman, Finance Director, 2310 Second Street, Cuyahoga Falls, Ohio 44221.

Boston Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Jointly Governed Organizations (continued)

Boston Township – Village of Peninsula Joint Economic Development District

The Township also participates in a JEDD with the Village of Peninsula (the BTVPJEDD). The purpose of the BTVPJEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State, the Township and the Village. The Township and the Village shall work together to provide or cause to be provided, water, sewer, storm sewer, street lighting, roads, sidewalks, and other local government services to the area. These services are funded by a predetermined percentage of income tax revenue. The Board of Directors consists of six members, three from each the Township and the Village. The Township members of the Board are the Township Trustees. The Village members are three elected members of Council who are appointed to the Board by the Mayor and approved by Council. The Board is authorized to take such necessary and appropriate actions, or establish such programs to facilitate economic development in the BTVPJEDD area. Financial information can be obtained by contacting the Fiscal Officer from the Village of Peninsula at 1582 Main Street, Peninsula, Ohio 44264.

Valley Fire District

The Valley Fire District (the District) was created to provide fire protection and rescue services to residents within the District. A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member and an at-large member is appointed by those Board members from one of the subdivisions. Those subdivisions are the Village of Peninsula and Boston Township. Financial information can be obtained by contacting Catherine Anson, Clerk, 5287 Dogwood Drive, Peninsula, OH 44264.

Note 10 – Contingent Liabilities

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township's financial condition.

Note 11 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The Township's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Boston Township
Summit County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$21,470	\$166,085	\$187,555
Charges for Services	28,741	0	28,741
Licenses, Permits and Fees	14,526	0	14,526
Fines and Forfeitures	15,075	0	15,075
Intergovernmental	288,468	212,206	500,674
Earnings on Investments	28,481	1,042	29,523
Miscellaneous	40,591	0	40,591
<i>Total Cash Receipts</i>	<u>437,352</u>	<u>379,333</u>	<u>816,685</u>
Cash Disbursements			
Current:			
General Government	197,681	0	197,681
Public Safety	731	252,422	253,153
Public Works	189,039	105,099	294,138
Health	8,717	0	8,717
<i>Total Cash Disbursements</i>	<u>396,168</u>	<u>357,521</u>	<u>753,689</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	41,184	21,812	62,996
Other Financing Receipts (Disbursements)			
Other Financing Uses	(11)	0	(11)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(11)</u>	<u>0</u>	<u>(11)</u>
<i>Net Change in Fund Cash Balances</i>	41,173	21,812	62,985
<i>Fund Cash Balances, January 1</i>	<u>1,535,820</u>	<u>151,841</u>	<u>1,687,661</u>
Fund Cash Balances, December 31			
Restricted	0	173,653	173,653
Assigned	126,553	0	126,553
Unassigned	1,450,440	0	1,450,440
<i>Fund Cash Balances, December 31</i>	<u>\$1,576,993</u>	<u>\$173,653</u>	<u>\$1,750,646</u>

See accompanying notes to the financial statements

Boston Township
Summit County
Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2018

	Fiduciary Fund Type
	Agency
Operating Cash Receipts	
Miscellaneous	\$ 3,325
<i>Total Operating Cash Receipts</i>	3,325
Operating Cash Disbursements	
Other	3,108
<i>Total Operating Cash Disbursements</i>	3,108
<i>Operating Income (Loss)</i>	217
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	831
<i>Total Non-Operating Receipts (Disbursements)</i>	831
<i>Net Change in Fund Cash Balances</i>	1,048
<i>Fund Cash Balances, January 1</i>	1,193
<i>Fund Cash Balances, December 31</i>	\$ 2,241

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

Boston Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

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Public Entity Risk Pool

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Jointly Governed Organizations

The Township participates in the City of Cuyahoga Falls Joint Economic Development District and Village of Peninsula Joint Economic Development District, which are jointly governed organizations. The Township also receives fire and emergency medical services from the Valley Fire District, a jointly governed organization. Note 9 to the financial statements provides additional information for these organizations.

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 statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for the fiduciary fund type which are 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:

Boston Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

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

Police Fund The police fund accounts for and reports receipts of property tax money for the purpose of providing police protection to the Township residents through the Village of Peninsula.

Fiduciary Fund Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for donations received from residents for Christmas disbursements.

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 Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements 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.

Budgetary Process

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

Appropriations Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the 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 re-appropriated.

A summary of 2018 budgetary activity appears in Note 3.

Boston Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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 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.

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 The 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. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Trustees or a Township official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

Boston Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 322,643	\$ 437,352	\$ 114,709
Special Revenue	342,908	379,333	36,425

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 465,285	\$ 399,071	\$ 66,214
Special Revenue	383,348	357,778	25,570

Note 4 – Deposits and Investments

The Township maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2018
Demand deposits	\$ 223,408
STAR Ohio Plus	1,428
Total deposits	224,836
STAR Ohio	1,528,051
Total investments	1,528,051
Total deposits and investments	\$ 1,752,887

Boston Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments (continued)

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Township; 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 homestead and rollback deductions. The financial statements include homestead and rollback 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

The Township is exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

Risk Pool Membership

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Boston Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 – Risk Management (continued)

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2017, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members’ Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

All 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2018.

Boston Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 – Postemployment Benefits

OPERS offers a 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% during calendar year 2018.

Note 9 – Jointly Governed Organizations

Boston Township – City of Cuyahoga Falls Joint Economic Development District (BTCFJEDD)

The Township participates in a Joint Economic Development District (the BTCFJEDD) with the City of Cuyahoga Falls. The purpose of the BTCFJEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State, the County, the Township and the City. The Township and the City agree to use their best efforts to ensure the District will be populated with high quality development and high paying jobs. At the same time, the BTCFJEDD prevents further annexation of Township property by another City and maintains the Township's rural character and property tax base. The Board of Directors consists of six members: two from the City, two from the Township, one individual representing the active businesses within the BTCFJEDD, and one individual representing the employees of active businesses within the BTCFJEDD. The Township members shall be appointed by the Township Trustees. The City members shall be appointed by the Mayor. The business representative shall be appointed by the Township Trustees and shall be a resident of the Township. The employee representative shall be appointed by the Mayor and shall be a resident of the City. The Board is authorized to take such necessary and appropriate actions, or establish such programs to facilitate economic development in the BTCFJEDD area. Financial information can be obtained by contacting Brian Hoffman, Finance Director, 2310 Second Street, Cuyahoga Falls, Ohio 44221.

Boston Township – Village of Peninsula Joint Economic Development District

The Township also participates in a JEDD with the Village of Peninsula (the BTVPJEDD). The purpose of the BTVPJEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State, the Township and the Village. The Township and the Village shall work together to provide or cause to be provided, water, sewer, storm sewer, street lighting, roads, sidewalks, and other local government services to the area. These services are funded by a predetermined percentage of income tax revenue. The Board of Directors consists of six members, three from each the Township and the Village. The Township members of the Board are the Township Trustees. The Village members are three elected members of Council who are appointed to the Board by the Mayor and approved by Council. The Board is authorized to take such necessary and appropriate actions, or establish such programs to facilitate economic development in the BTVPJEDD area. Financial information can be obtained by contacting John Stiegel, Fiscal Officer, 1582 Main Street, Peninsula, Ohio 44264.

Boston Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Jointly Governed Organizations (continued)

Valley Fire District

The Valley Fire District (the District) was created to provide fire protection and rescue services to residents within the District. A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member and an at-large member is appointed by those Board members from one of the subdivisions. Those subdivisions are the Village of Peninsula and Boston Township. Financial information can be obtained by contacting Catherine Anson, Clerk, 5287 Dogwood Drive, Peninsula, OH 44264.

Note 10 – Contingent Liabilities

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township's financial condition.

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*

Boston Township
Summit County
PO Box 123,
Peninsula, OH 44264

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and 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 by fund type of Boston Township, Summit County (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated May 10, 2020, 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. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

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 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2019-001 in the Schedule of Findings to be a material weakness.

Compliance and Other Matters

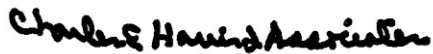
As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

Entity's Response to Finding

The Township's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Township's response 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.



Charles E. Harris and Associates, Inc.
May 10, 2020

Boston Township
Summit County
Schedule of Findings
December 31, 2019 and 2018

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS
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Finding Number: 2019-001 – Material Weakness

Audit Adjustments and Reclassifications

During 2019 and 2018, errors were noted in the Township’s financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- In both years, the receipt of a Property Taxes from the City of Cuyahoga Falls based on an annexation agreement was incorrectly posted as Other Financing Sources instead of Intergovernmental revenue.
- Fund Balances of the Zoning Fund was not classified as in accordance with Governmental Accounting Standards Board (GASB) Statement Number 54 requirements, which should be recorded as unassigned balance in the general fund.
- The subsequent year appropriations that exceed subsequent year estimated receipts were incorrectly reported as Unassigned Fund Balance instead of Assigned.

Other immaterial posting errors were also noted and brought to the attention of management. The accompanying financial statements and the Township’s records have been adjusted to properly reflect these transactions.

Sound financial reporting is the responsibility of the Township and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Township adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use Governmental Accounting Standards Board Statement Number 54, Audit Bulletin 2011-004, the Ohio Township Handbook, the Uniform Accounting Network Manual, and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

Management’s Response:

See Corrective Action Plan on page 26.

Boston Township
Summit County
 Corrective Action Plan (Prepared by Management)
 December 31, 2019 and 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	The job manual will be updated to indicate: <ul style="list-style-type: none"> • The correct account code for the annexation payments is Intergovernmental Revenue. • The Zoning Fund will be rolled up into the General Fund for the year-end reports. • The carryover appropriations (if any) will be classified as Assigned at year-end. 	August 2020	Pam Schneider, the Fiscal Officer.

OHIO AUDITOR OF STATE KEITH FABER



BOSTON TOWNSHIP

SUMMIT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/18/2020

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