

CITY OF HERMITAGE

SINGLE AUDIT REPORT

DECEMBER 31, 2021

CITY OF HERMITAGE
SINGLE AUDIT REPORT

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To the Board of Commissioners:

We have performed the Single Audit of the City of Hermitage for the year ended December 31, 2021 and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of the Uniform Guidance. It entailed: 1) an audit of the financial statements and our opinion thereon; 2) an examination of the Schedule of Expenditure of Federal Awards and our opinion thereon; 3) a review of internal control over financial reporting and on compliance and other matters based solely on the understanding obtained as part of the audit of the financial statements performed in accordance with Government Auditing Standards; and 4) a review of compliance with the requirements applicable to each major program and internal control over compliance in accordance with the Uniform Guidance and our opinion thereon.

Black, Bashor & Porsch, LLP

Sharon, Pennsylvania
August 17, 2022

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TO WHOM IT MAY CONCERN:

The distribution of the City of Hermitage, Pennsylvania, financial statements consists of the following:

City of Hermitage Board of Commissioners	(5 Copies)
City Manager	(1 Copy)
Assistant City Manager	(1 Copy)
City Finance Director	(1 Copy)
City Solicitor	(1 Copy)
Federal Audit Clearinghouse	File Electronically
Commonwealth of Pennsylvania, Office of the Budget: Bureau of Audits	File Electronically



Sharon, Pennsylvania
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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**

Board of Commissioners
City of Hermitage
Hermitage, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America (U.S. GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Hermitage as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise City of Hermitage's basic financial statements, and have issued our report thereon dated August 17, 2022. The financial statements of Hermitage Municipal Authority were not audited in accordance with GAGAS.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered City of Hermitage's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Hermitage's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Hermitage'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 entity'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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether City of Hermitage'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under GAGAS.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with GAGAS in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Black, Bashor & Porsch, LLP

Sharon, Pennsylvania

August 17, 2022

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Commissioners
City of Hermitage
Hermitage, Pennsylvania

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited City of Hermitage's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on City of Hermitage's major federal program for the year ended December 31, 2021. City of Hermitage's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Hermitage complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

BASIS FOR OPINION ON EACH MAJOR FEDERAL PROGRAM

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (GAGAS); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Hermitage and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Hermitage's compliance with the compliance requirements referred to above.

RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and the provisions of contract or grant agreements applicable to City of Hermitage's federal programs.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Hermitage's compliance based on our audit. 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 U.S. GAAS, GAGAS, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Hermitage's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, GAGAS, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Hermitage's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Hermitage's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Hermitage's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Hermitage as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise City of Hermitage's basic financial statements. We issued our report thereon, dated August 17, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Black, Bashor & Porsch, LLP

Sharon, Pennsylvania

August 17, 2022

CITY OF HERMITAGE

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2021

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>ASSISTANCE LISTING NO.</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NO.</u>	<u>PASSED THROUGH TO SUBRECIPIENT</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:-</u>				
<u>Passed Through Pennsylvania Department of Community and Economic Development:-</u>				
Community Development Bock Grant Program Year 2020	14.228	C000075970	N/A	\$ 144,550
Community Development Bock Grant Program Year 2020 - CARES	14.228	C000075224	N/A	84,232
Community Development Bock Grant Program Year 2019	14.228	C000073351	N/A	17,462
Community Development Bock Grant Program Year 2018	14.228	C000070917	130,000	260,700
Community Development Bock Grant Program Year 2017	14.228	C000069227	N/A	116,212
Community Development Bock Grant Program Year 2016	14.228	C000065045	N/A	<u>3,479</u>
<u>SUBTOTAL CFDA 14.228:-</u>				<u>626,635</u>
<u>Passed Through Pennsylvania Department of Community and Economic Development:-</u>				
Home Investment Partnerships Program Year 2015	14.239	C000065783	N/A	<u>45,268</u>
<u>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:-</u>				<u>671,903</u>
<u>U.S. DEPARTMENT OF TREASURY:-</u>				
<u>Passed Through Pennsylvania Department of Community and Economic Development:-</u>				
COVID - 19 - Coronavirus State and Local Fiscal Recovery Funds	21.019	N/A	N/A	<u>1,917</u>
<u>TOTAL U.S. DEPARTMENT OF TREASURY:-</u>				<u>1,917</u>
<u>U.S. DEPARTMENT OF JUSTICE:-</u>				
<u>Passed Through the Pennsylvania Emergency Management Agency:-</u>				
Emergency Federal Law Enforcement Assistance Grant	16.824	PEMA-2021-095	N/A	<u>24,021</u>
<u>TOTAL U.S. DEPARTMENT OF JUSTICE:-</u>				<u>24,021</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION:-</u>				
<u>Highway Safety Cluster Passed Through Pennsylvania Department of Transportation</u>				
State and Community Highway Safety	20.600	PTS-2021-Hermitage-00040	N/A	<u>68,408</u>
<u>TOTAL U.S. DEPARTMENT OF TRANSPORTATION:-</u>				<u>68,408</u>
<u>TOTAL FEDERAL AWARDS:-</u>				<u>\$ 766,249</u>

The Accompanying notes to the Schedule of Expenditures of Federal Awards are an Integral Part of This Schedule

CITY OF HERMITAGE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of Hermitage ("City") under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a select portion of the operations of City, it is not intended to and does not present the net position, activities, or cash flows of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

NOTE 3 - INDIRECT COST RATE

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

CITY OF HERMITAGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

1. Type of Auditors' Report Issued: Unmodified
2. Internal Control over Financial Reporting:
- Material Weakness(es) Identified Yes X No
 - Significant Deficiency(ies) Identified not Considered to be Material Weakness(es) Yes X None Reported
3. Noncompliance Material to Financial Statements Noted Yes X No

FEDERAL AWARDS

1. Internal Control over Major Programs:
- Material Weakness(es) Identified Yes X No
 - Significant Deficiency(ies) Identified not Considered to be Material Weakness(es) Yes X None Reported
2. Type of Auditors' Report Issued on Compliance for the Major Programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

CITY OF HERMITAGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2021

SECTION II - FINDINGS RELATED TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

No matters were reported.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV - STATUS OF PRIOR YEAR AUDIT FINDINGS

The audit for the year ended December 31, 2020 disclosed no finding.