



**KINSMAN TOWNSHIP  
TRUMBULL COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**KINSMAN TOWNSHIP  
TRUMBULL COUNTY**

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**STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

Kinsman Township  
Trumbull County  
P.O. Box 399  
Kinsman, Ohio 44470

To the Board of Trustees:

We have audited the accompanying financial statements of Kinsman Township, Trumbull County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

June 11, 2001

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**KINSMAN TOWNSHIP  
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES -  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only) Total</u>
<b>Cash receipts:</b>			
Local taxes	\$41,125	\$254,184	\$295,309
Intergovernmental	85,796	80,480	166,276
Special assessments	7,720		7,720
Fines and Forfeitures	2,900		2,900
Fines, licenses, and permits	1,469	2,552	4,021
Interest	18,712	5,173	23,885
Miscellaneous	10,816	3,125	13,941
Total cash receipts	<u>168,538</u>	<u>345,514</u>	<u>514,052</u>
<b>Cash disbursements:</b>			
Current:			
General government	79,851	3,446	83,297
Public Safety		93,546	93,546
Public Works	2,638	124,739	127,377
Health	5,696		5,696
Conservation-Recreation	5,105		5,105
Human Services	5,515		5,515
Capital outlay	61,930	13,662	75,592
Total cash disbursements	<u>160,735</u>	<u>235,393</u>	<u>396,128</u>
Total receipts over/(under) program disbursements	<u>7,803</u>	<u>110,121</u>	<u>117,924</u>
<b>Other Financing Sources</b>		<u>520</u>	<u>520</u>
Total other financing receipts/(disbursements)		<u>520</u>	<u>520</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disburseme	7,803	110,641	118,444
Fund cash balances January 1, 2000	<u>103,064</u>	<u>257,632</u>	<u>360,696</u>
<b>Fund cash balances, December 31, 2000</b>	<u><b>\$110,867</b></u>	<u><b>\$368,273</b></u>	<u><b>\$479,140</b></u>
Reserve for encumbrances, December 31, 2000	<u>\$725</u>	<u>\$2,665</u>	<u>\$3,390</u>

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

**KINSMAN TOWNSHIP  
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	<u>(Memorandum Only) Total</u>
<b>Cash receipts:</b>				
Local taxes	\$35,418	\$245,499		\$280,917
Intergovernmental	74,493	79,940		154,433
Special assessments	7,961			7,961
Fines and Forfeitures	3,491			3,491
Fines, licenses, and permits	433	1,530		1,963
Interest	10,001	2,455		12,456
Miscellaneous	22,706	4,894		27,600
<b>Total cash receipts</b>	<u>154,503</u>	<u>334,318</u>		<u>488,821</u>
<b>Cash disbursements:</b>				
Current:				
General government	89,839	3,678		93,517
Public Safety	144	95,926		96,070
Public Works	2,834	80,102		82,936
Health	4,859			4,859
Conservation-Recreation	3,068			3,068
Human Services	3,806			3,806
Capital outlay	19,435	56,989	621	77,045
<b>Total cash disbursements</b>	<u>123,985</u>	<u>236,695</u>	<u>621</u>	<u>361,301</u>
<b>Total receipts over/(under) program disbursements</b>	<u>30,518</u>	<u>97,623</u>	<u>(621)</u>	<u>127,520</u>
<b>Other Financing Sources</b>		90		90
<b>Total other financing receipts/(disbursements)</b>		<u>90</u>		<u>90</u>
<b>Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disburseme</b>	30,518	97,713	(621)	127,610
<b>Fund cash balances January 1, 1999</b>	<u>72,546</u>	<u>159,919</u>	<u>621</u>	<u>233,086</u>
<b>Fund cash balances, December 31, 1999</b>	<u><b>\$103,064</b></u>	<u><b>\$257,632</b></u>		<u><b>\$360,696</b></u>
<b>Reserve for encumbrances, December 31, 1999</b>	<u>\$225</u>	<u>\$2,040</u>		<u>\$2,265</u>

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



**KINSMAN TOWNSHIP  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Kinsman Township, Trumbull County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, fire and police protection.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The Township has a NOW account with Mahoning National Bank.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

*Road and Bridge* - This fund receives property tax money for constructing, maintaining & repairing Township roads and bridges.

*Police District* - This fund receives property tax money for the general operation of the police department.

**KINSMAN TOWNSHIP  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fire District Building and Equipment* - This fund receives tax distribution from the County Auditor.

**3. Capital Project Funds**

The funds are used to account for receipts that are restricted for the acquisition or construction of major Capital Projects except those financed through enterprise or trust funds. The Township had the following significant Capital Project Fund in 1999:

*Permanent Improvement Fund* - Receives revenues by way of transfers of funds. These revenues are used for the general improvement and maintenance of the Township buildings.

**E. Budgetary Process**

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

**1. 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. 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 also approve estimated resources.

**3. 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 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**KINSMAN TOWNSHIP  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$23,800	\$28,432
Total deposits	23,800	28,432
 STAR Ohio	 455,340	 332,264
Total investments	455,340	332,264
Total deposits and investments	<u>\$479,140</u>	<u>\$360,696</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$138,743	\$168,538	\$29,795
Special Revenue	306,287	346,034	39,747
Total	<u>\$445,030</u>	<u>\$514,572</u>	<u>\$69,542</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$212,225	\$161,460	\$50,765
Special Revenue	542,185	238,058	304,127
Total	<u>\$754,410</u>	<u>\$399,518</u>	<u>\$354,892</u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$130,913	\$154,503	\$23,590
Special Revenue	306,550	334,408	27,858
Total	<u>\$437,463</u>	<u>\$488,911</u>	<u>\$51,448</u>

**KINSMAN TOWNSHIP  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$198,250	\$124,210	\$74,040
Special Revenue	427,010	238,735	188,275
Capital Projects	621	621	0
Total	\$625,881	\$363,566	\$262,315

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 1999 and 10.84% for 2000. The Township has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Kinsman Township  
Trumbull County  
P.O. Box 366  
Kinsman, Ohio 44428

To the Board of Trustees:

We have audited the accompanying financial statements of Kinsman Township, Trumbull County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 11, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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 grants, noncompliance with which could have a direct and material effect on 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 that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 11, 2001.

Kinsman Township  
Trumbull County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

June 11, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**KINSMAN TOWNSHIP**

**TRUMBULL COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 5, 2001**