



**Auditor of State
Betty Montgomery**

**NIMISHILLEN TOWNSHIP
STARK COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Nimishillen Township
Stark County
P.O. Box 181
Louisville, Ohio 44641

To the Board of Trustees:

We have audited the accompanying financial statements of Nimishillen Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2002 and 2001. 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 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 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 provide 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, 2002 and 2001, 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 September 30, 2003 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

Nimishillen Township
Stark County
Independent Accountants' Report
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This report is intended solely for the information and use of management, the Board of Trustees 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 30, 2003

**NIMISHILLEN TOWNSHIP
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$40,091	\$688,602	\$223,173		\$951,866
Intergovernmental	162,933	266,614			429,547
Special Assessments				\$11,947	11,947
Charges for Services		128,014			128,014
Licenses, Permits, and Fees	16,449				16,449
Earnings on Investments	12,178	2,177			14,355
Other	18,534	32,272			50,806
Total Cash Receipts	<u>250,185</u>	<u>1,117,679</u>	<u>223,173</u>	<u>11,947</u>	<u>1,602,984</u>
Cash Disbursements:					
Current:					
General Government	263,552				263,552
Public Safety	7,442	676,482			683,924
Public Works	8,735	532,737		9,760	551,232
Debt Service:					
Redemption of Principal			193,915		193,915
Interest and Fiscal Charges			29,258		29,258
Capital Outlay		223,134			223,134
Total Cash Disbursements	<u>279,729</u>	<u>1,432,353</u>	<u>223,173</u>	<u>9,760</u>	<u>1,945,015</u>
Total Receipts Over/(Under) Disbursements	<u>(29,544)</u>	<u>(314,674)</u>	<u>0</u>	<u>2,187</u>	<u>(342,031)</u>
Other Financing Receipts:					
Proceeds from Sale of Notes		309,000			309,000
Other Sources	3,113				3,113
Total Other Financing Receipts	<u>3,113</u>	<u>309,000</u>			<u>312,113</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>(26,431)</u>	<u>(5,674)</u>	<u>0</u>	<u>2,187</u>	<u>(29,918)</u>
Fund Cash Balances, January 1	<u>160,103</u>	<u>597,726</u>	<u>0</u>	<u>6,015</u>	<u>763,844</u>
Fund Cash Balances, December 31	<u>\$133,672</u>	<u>\$592,052</u>	<u>\$0</u>	<u>\$8,202</u>	<u>\$733,926</u>
Reserves for Encumbrances, December 31	<u>\$6,771</u>	<u>\$335,087</u>	<u>\$0</u>	<u>\$1,027</u>	<u>\$342,885</u>

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

**NIMISHILLEN TOWNSHIP
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$42,264	\$786,147	\$136,594		\$965,005
Intergovernmental	232,055	250,784			482,839
Special Assessments				\$9,859	9,859
Charges for Services		120,558			120,558
Licenses, Permits, and Fees	14,558				14,558
Earnings on Investments	37,708	4,078			41,786
Other	35,685	52,472		557	88,714
Total Cash Receipts	<u>362,270</u>	<u>1,214,039</u>	<u>136,594</u>	<u>10,416</u>	<u>1,723,319</u>
Cash Disbursements:					
Current:					
General Government	279,099				279,099
Public Safety	41,073	954,485			995,558
Public Works	12,400	849,261		9,176	870,837
Debt Service:					
Redemption of Principal			121,024		121,024
Interest and Fiscal Charges			15,570		15,570
Total Cash Disbursements	<u>332,572</u>	<u>1,803,746</u>	<u>136,594</u>	<u>9,176</u>	<u>2,282,088</u>
Total Receipts Over/(Under) Disbursements	<u>29,698</u>	<u>(589,707)</u>	<u>0</u>	<u>1,240</u>	<u>(558,769)</u>
Other Financing Receipts:					
Proceed from Sale of Notes		350,000			350,000
Other Sources	535				535
Total Other Financing Receipts	<u>535</u>	<u>350,000</u>			<u>350,535</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>30,233</u>	<u>(239,707)</u>	<u>0</u>	<u>1,240</u>	<u>(208,234)</u>
Fund Cash Balances, January 1	<u>129,870</u>	<u>837,433</u>	<u>0</u>	<u>4,775</u>	<u>972,078</u>
Fund Cash Balances, December 31	<u>\$160,103</u>	<u>\$597,726</u>	<u>\$0</u>	<u>\$6,015</u>	<u>\$763,844</u>
Reserves for Encumbrances, December 31	<u>\$16,179</u>	<u>\$258,472</u>	<u>\$0</u>	<u>\$910</u>	<u>\$275,561</u>

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

**NIMISHILLEN TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Nimishillen Township, Stark 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 road and bridge maintenance, fire protection and emergency medical services.

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The repurchase agreement is valued at cost. Money market mutual funds are recorded at share values reported by the mutual fund. The Township also invested in certificates of deposits during 2002.

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 capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Fire District Fund – This fund receives tax levy money for the purpose of providing and maintaining fire apparatus, appliances, buildings, sources of water supply and materials or the payment of permanent, part-time, or volunteer firemen, or to provide ambulance or emergency medical services operated by the fire department.

**NIMISHILLEN TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

Road District Fund – This fund receives money from two levies for the purpose of repairing and improving roads, purchasing equipment and paying salaries related to the upkeep of Township roads.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Bond/Note Retirement Fund – This fund is used to accumulate resources for the payment of principal and interest on the Township's tax anticipation notes.

4. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital projects fund:

Lighting Assessment Fund – This fund receives property tax money for a special assessment passed for the Township's street lighting project.

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 level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve the appropriation measure 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.

**NIMISHILLEN TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 2002 and 2001 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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment 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:

	2002	2001
Demand deposits	(\$46,970)	(\$136,156)
Repurchase agreement	55,000	900,000
Money Market Mutual Funds	725,896	0
Total deposits and investments	\$733,926	\$763,844

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

**NIMISHILLEN TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$253,184	\$253,298	\$114
Special Revenue	1,425,120	1,426,679	1,559
Debt Service	223,173	223,173	0
Capital Projects	11,947	11,947	0
Total	\$1,913,424	\$1,915,097	\$1,673

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$413,287	\$286,500	\$126,787
Special Revenue	2,022,846	1,767,440	255,406
Debt Service	223,173	223,173	0
Capital Projects	17,962	10,787	7,175
Total	\$2,677,268	\$2,287,900	\$389,368

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$360,490	\$362,805	\$2,315
Special Revenue	1,558,883	1,564,039	5,156
Debt Service	136,594	136,594	0
Capital Projects	10,416	10,416	0
Total	\$2,066,383	\$2,073,854	\$7,471

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$490,360	\$348,751	\$141,609
Special Revenue	2,396,315	2,062,218	334,097
Debt Service	136,594	136,594	0
Capital Projects	15,191	10,086	5,105
Total	\$3,038,460	\$2,557,649	\$480,811

**NIMISHILLEN TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, 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. DEBT

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Tax Anticipation Note - Fire Station II Renovation	\$250,000	4.24%
Tax Anticipation Note -Township Garage	<u>350,000</u>	5.69%
Total	<u><u>\$600,000</u></u>	

Tax anticipation notes were issued to finance the Fire Station Renovation (\$250,000), a Tractor/Mower (\$59,000) and to construct a Township Garage (\$350,000). The Tractor/Mower tax anticipation note was paid off during 2002.

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

	<u>Tax Anticipation Notes</u>
Year ending December 31:	
2003	\$98,243
2004	94,737
2005	91,231
2006	87,725
2007	84,219
2008 – 2011	<u>214,399</u>
Total	<u><u>\$670,554</u></u>

**NIMISHILLEN TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. RETIREMENT SYSTEMS

All Township employees, other than Firefighters, belong to the Ohio Public Employees Retirement System (OPERS), of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates for OPERS are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

Firefighters employed prior to August of 1992 had the option of continuing with OPERS or participating in the Social Security Retirement System. Firefighters employed after August of 1992 belong to the Social Security Retirement System. The Township contributed an amount equal to 6.2% of the participants' gross salaries in 2002 and 2001 to the Social Security Retirement System.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance and dental coverage to full-time employees through a private carrier.

8. CONTINGENT LIABILITIES

The Township is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Township's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



**Auditor of State
Betty Montgomery**

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

Nimishillen Township
Stark County
P.O. Box 181
Louisville, Ohio 44641

To the Board of Trustees:

We have audited the accompanying financial statements of Nimishillen Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated September 30, 2003. 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.

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 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 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 September 30, 2003.

Nimishillen Township
Stark County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 30, 2003



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140
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800-282-0370
Facsimile 614-466-4490

NIMISHILLEN TOWNSHIP

STARK 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
NOVEMBER 13, 2003**