



**KINGSVILLE TOWNSHIP
ASHTABULA COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
Kingsville Township
5890 Cemetery Road
Kingsville, Ohio 44048

We have reviewed the *Independent Auditor's Report* of Kingsville Township, Ashtabula County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2019 through December 31, 2020. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Noncompliance – Finding for Recovery - Late Fees, Interest, and Penalties

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, **Ohio Attorney General Opinion 82-006** indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. **Auditor of State Bulletin 2003-005** Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The Township was assessed late fees, penalties, and interest relating to late payments to the Internal Revenue Service (IRS), Ohio Public Employees Retirement System (OPERS), Ohio Police and Fire Pension Fund (OPF), and a Bank Note with Northwest Bank totaling \$1,177.

The late fees, interest and penalties assessed against the Township could have been avoided had the Township timely remitted its withholdings and payments due; as such, these expenditures do not serve a proper public purpose. Sarah Patterson as the Township's Fiscal Officer during this period was responsible for remitting withholding and scheduled debt service payments during the time period these fees were incurred.

In accordance with the foregoing facts and authorities, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public money illegally expended for failure to remit withheld income tax and pension contributions and scheduled debt service payments resulting in late fees, interest, and penalties assessed against the Township is hereby issued against Sarah Patterson, former Township Fiscal Officer and Traveler Casualty and Surety Company of America, the Bonding Company for Sarah Patterson, jointly and severally in the amount of \$1,177 and in favor of Kingsville Township's, Ashtabula County, Ohio, General Fund (\$858.37), Road & Bridge Fund (\$134.60), Fire Levy Fund (\$50.00), and Ambulance and Emergency Medical Services Fund (\$134.60).

Board of Trustees
Kingsville Township
5890 Cemetery Road
Kingsville, Ohio 44048
Page -2-

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. Kingsville Township is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

May 08, 2023

**KINGSVILLE TOWNSHIP
ASHTABULA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2020	4
Notes to the Financial Statements For the Year Ended December 31, 2020	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2019	13
Notes to the Financial Statements For the Year Ended December 31, 2019	14
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	21
Schedule of Audit Findings	23
Summary Schedule of Prior Audit Findings	27

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

Kingsville Township
Ashtabula County
5890 Cemetery Road
Kingsville, Ohio 44048

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019 and related notes of **Kingsville Township**, Ashtabula County, Ohio (the Township).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting 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 responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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 determinable, 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, 2020 and 2019, and the respective 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 for each governmental fund type as of and for the years ended December 31, 2020 and 2019, and related notes of the Township, 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 13 in 2020 and Note 11 in 2019 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. In addition, as discussed in Note 12, during 2020, the Township adopted a change in accounting principle and removed the fund balance classification from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. We did not modify our opinions regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

December 20, 2022

**KINGSVILLE TOWNSHIP
ASHTABULA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 95,858	\$ 339,173	\$ -	\$ 435,031
Charges for Services	-	125,153	-	125,153
Licenses, Permits and Fees	7,679	11,867	-	19,546
Intergovernmental	24,757	266,311	-	291,068
Special Assessments	-	15,389	-	15,389
Earnings on Investments	830	11	-	841
Miscellaneous	13,838	9,068	-	22,906
<i>Total Cash Receipts</i>	<u>142,962</u>	<u>766,972</u>	<u>-</u>	<u>909,934</u>
Cash Disbursements				
Current:				
General Government	119,020	3,389	-	122,409
Public Safety	-	284,633	-	284,633
Public Works	9,208	312,804	-	322,012
Health	-	24,223	-	24,223
Conservation-Recreation	8,652	-	-	8,652
Capital Outlay	1,830	24,152	67,142	93,124
Debt Service:				
Principal Retirement	-	64,566	-	64,566
Interest and Fiscal Charges	-	5,497	-	5,497
<i>Total Cash Disbursements</i>	<u>138,710</u>	<u>719,264</u>	<u>67,142</u>	<u>925,116</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,252</u>	<u>47,708</u>	<u>(67,142)</u>	<u>(15,182)</u>
Other Financing Receipts (Disbursements)				
Other Financing Sources	50	-	-	50
Other Financing Uses	-	(35,635)	-	(35,635)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>50</u>	<u>(35,635)</u>	<u>-</u>	<u>(35,585)</u>
<i>Net Change in Fund Cash Balances</i>	4,302	12,073	(67,142)	(50,767)
<i>Fund Cash Balances, January 1</i>	<u>132,034</u>	<u>856,627</u>	<u>149,681</u>	<u>1,138,342</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 136,336</u>	<u>\$ 868,700</u>	<u>\$ 82,539</u>	<u>\$ 1,087,575</u>

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

Kingsville Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Kingsville Township, Ashtabula County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection, and emergency medical services.

Public Entity Risk Pools

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. 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.

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:

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

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

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Cemetery Fund This fund receives money from fees for burials and sales of cemetery lots.

Kingsville Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Fire/EMS Funds These funds receive property tax money for providing fire protection and emergency medical services to Township residents and purchasing and maintaining equipment for these services.

Special Assessment-Street Lighting Fund This fund receives money from property owners through special assessments approved by the County Budget Commission.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

Fire Loss Fund The Township received Fire Loss money from OTARMA for losses incurred from a fire that started during construction of the road department building.

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 expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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

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

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

A summary of 2020 budgetary activity appears in Note 4.

Kingsville Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 from investment sales. This basis records gains and losses at the time of sale as receipts or disbursements, respectively.

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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

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

Kingsville Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Compliance

Contrary to Ohio law, the Township’s appropriations were not certified by the County Auditor resulting in budgetary expenditures exceeding appropriation authority in the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, Cemetery, Fire Levy, Ambulance and Emergency Medical Services, Fire & Rescue Service, Streetlight Assessment, and Fire Loss Funds.

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 145,199	\$ 143,012	\$ (2,187)
Special Revenue	720,307	766,972	46,665
Capital Projects	4	-	(4)
Total	\$ 865,510	\$ 909,984	\$ 44,474

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,154	\$ 164,934	\$ (162,780)
Special Revenue	19,079	823,385	(804,306)
Capital Projects	-	67,142	(67,142)
Total	\$ 21,233	\$ 1,055,461	\$ (1,034,228)

Note 5 – Deposits

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit and investment accounts are as follows:

	2020
Demand deposits	\$ 1,087,575
Total deposits	\$ 1,087,575

Kingsville Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – Deposits (Continued)

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or 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

Note 6 – Property Taxes

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

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

Note 7 - Risk Management

Risk Pool Membership

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

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$36,348,066
Actuarial liabilities	\$ 10,894,146

Kingsville Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some of the Township's 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%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Social Security

Some of the Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 10 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Fire Truck	\$ 51,000	2.5%
Dump Truck	56,120	3.99%
Total	\$ 107,120	

The Township entered into a lease agreement with Andover bank in 2016 to finance the purchase of a Fire Truck to assist with providing Fire Protection services to Township. The interest rate is 2.5 % and the lease matures in June 2021.

The Township entered into an agreement with Northwest Bank in 2019 to finance the purchase of a dump truck to assist with Township operations. The interest rate is 3.99% and matures in 2024

Kingsville Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Debt (Continued)

Amortization

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

Year Ending December 31:	Principal and Interest
2021	68,283
2022	16,151
2023	16,152
2024	12,206
Total	<u>\$ 112,792</u>

Note 11 – Fund Balances

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

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Unclaimed Monies	\$ -	\$ -	\$ -
Corpus	-	-	-
Outstanding Encumbrances	<u>26,224</u>	<u>68,486</u>	<u>94,710</u>
Total	<u>\$ 26,224</u>	<u>\$ 68,486</u>	<u>\$ 94,710</u>

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

Note 12 – Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Kingsville Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 13 – COVID-19

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

**KINGSVILLE TOWNSHIP
ASHTABULA 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	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 97,894	\$ 341,448	\$ -	\$ 439,342
Charges for Services	-	168,944	-	168,944
Licenses, Permits and Fees	14,966	5,509	-	20,475
Fines and Forfeitures	-	-	-	-
Intergovernmental	25,700	154,717	-	180,417
Special Assessments	-	15,336	-	15,336
Earnings on Investments	203	35	-	238
Miscellaneous	6,499	13,680	-	20,179
<i>Total Cash Receipts</i>	<u>145,262</u>	<u>699,669</u>	<u>-</u>	<u>844,931</u>
Cash Disbursements				
Current:				
General Government	126,299	-	-	126,299
Public Safety	-	267,464	-	267,464
Public Works	10,000	307,350	3,134	320,484
Health	-	28,723	-	28,723
Conservation-Recreation	8,469	-	-	8,469
Capital Outlay	17,359	115,727	82,500	215,586
Debt Service:				
Principal Retirement	-	87,576	-	87,576
Interest and Fiscal Charges	-	5,408	-	5,408
<i>Total Cash Disbursements</i>	<u>162,127</u>	<u>812,248</u>	<u>85,634</u>	<u>1,060,009</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(16,865)</u>	<u>(112,579)</u>	<u>(85,634)</u>	<u>(215,078)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	72,997	-	72,997
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>72,997</u>	<u>-</u>	<u>72,997</u>
Extraordinary Item	-	-	116,961	116,961
<i>Net Change in Fund Cash Balances</i>	<u>(16,865)</u>	<u>(39,582)</u>	<u>31,327</u>	<u>(25,120)</u>
<i>Fund Cash Balances, January 1</i>	<u>148,899</u>	<u>896,209</u>	<u>118,354</u>	<u>1,163,462</u>
Fund Cash Balances, December 31				
Restricted	-	856,627	149,681	1,006,308
Unassigned	132,034	-	-	132,034
<i>Fund Cash Balances, December 31</i>	<u>\$ 132,034</u>	<u>\$ 856,627</u>	<u>\$ 149,681</u>	<u>\$ 1,138,342</u>

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

Kingsville Township
Ashtabula 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 the Kingsville Township, Ashtabula County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection, and emergency medical services.

Public Entity Risk Pools

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. 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.

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:

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

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

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Cemetery Fund This fund receives money from fees for burials and sales of cemetery lots.

Kingsville Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Fire/EMS Funds These funds receive property tax money for providing fire protection and emergency medical services to Township residents and purchasing and maintaining equipment for these services.

Special Assessment-Street Lighting Fund This fund receives money from property owners through special assessments approved by the County Budget Commission.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

Fire Loss Fund The Township received Fire Loss money from OTARMA for losses incurred from a fire that started during construction of the road department building.

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 expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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

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

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

A summary of 2019 budgetary activity appears in Note 4.

Kingsville Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 from investment sales. This basis records gains and losses at the time of sale as receipts or disbursements, respectively.

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.

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 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 Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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.

Kingsville Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Compliance

Contrary to Ohio law, the Township’s appropriations were not certified by the County Auditor resulting in budgetary expenditures exceeding appropriation authority in the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, Cemetery, Fire Levy, Ambulance and Emergency Medical Services, Streetlight Assessment, Public Works Commission Project, Misc. Capital Projects and Fire Loss Funds.

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 125,350	\$ 145,262	\$ 19,912
Special Revenue	571,770	772,666	200,896
Capital Projects	100,000	116,961	16,961
Total	\$ 797,120	\$ 1,034,889	\$ 237,769

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,182	\$ 164,280	\$ (163,098)
Special Revenue	5,314	842,688	(837,374)
Capital Projects	-	85,634	(85,634)
Total	\$ 6,496	\$ 1,092,602	\$ (1,086,106)

Note 5 – Deposits

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

Demand deposits	2019 \$ 1,138,342
Total deposits	\$ 1,138,342

Kingsville Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – Deposits (Continued)

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or 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

Note 6 – Property Taxes

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

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

Note 7 - Risk Management

Risk Pool Membership

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

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$ 10,519,942

Kingsville Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some of the Township's 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%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Social Security

Some of the Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 10 – Debt

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
Fire Truck	\$ 102,000	2.5%
Dump Truck	69,686	3.99%
Total	\$ 171,686	

The Township entered into a lease agreement with US Bank in 2012 to finance the purchase of a Front End Loader to assist with Township operations. The lease was paid in full in 2019.

The Township entered into a lease agreement with US Bank in 2015 to finance the purchase of an Ambulance that assists with providing Emergency Medical Services to the Township. The lease was paid in full in 2019.

The Township entered into a lease agreement with Andover bank in 2016 to finance the purchase of a Fire Truck to assist with providing Fire Protection services to Township. The interest rate is 2.5 % and the lease matures in June 2021.

Kingsville Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – Debt (Continued)

The Township entered into an agreement with Northwest Bank in 2019 to finance the purchase of a dump truck to assist with Township operations. The interest rate is 3.99% and matures in 2024

Amortization

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

<u>Year Ending December 31:</u>	<u>Principal and Interest</u>
2020	\$ 69,701
2021	68,283
2022	16,151
2023	16,152
2024	<u>12,206</u>
Total	<u>\$ 182,493</u>

Note 11 – Subsequent Events

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 Village. The impact on the Township's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Kingsville Township
Ashtabula County
5890 Cemetery Road
Kingsville, Ohio 44048

To the Board of Trustees:

We have audited, 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, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019 and the related notes to the financial statements of Kingsville Township, Ashtabula County, (the Township) and have issued our report thereon dated December 20, 2022, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit. We also noted that the Township adopted a change in accounting principle and removed the fund balance classification from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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.

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

An Independently owned member
RSM US Alliance



Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2020-02 that we consider to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit findings as items 2020-01 and 2020-03.

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

December 20, 2022

**KINGSVILLE TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2020-001

Noncompliance

Budgetary Controls

Ohio Revised Code Section 5705.38 states that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year-end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Township to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

Ohio Rev. Code Section 5705.41(B) provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated.

Contrary to Ohio law, the Township's appropriations were not certified by the County Auditor resulting in budgetary expenditures exceeding appropriation authority. In 2019, budgetary expenditures exceeded appropriations in the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, Cemetery, Fire Levy, Ambulance and Emergency Medical Services, Streetlight Assessment, Public Works Commission Project, Misc. Capital Projects, and Fire Loss Funds.

In 2020, budgetary expenditures exceeding appropriation authority in the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, Cemetery, Fire Levy, Ambulance and Emergency Medical Services, Fire & Rescue Service, Streetlight Assessment, and Fire Loss Funds.

The Fiscal Officer and Trustees should monitor appropriations versus estimated resources to help avoid overspending. The Fiscal Officer and Trustees also should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary. Officials should review the requirements of ORC section 5705 to be familiar with these laws and ensure the Township is complying with applicable sections.

In addition, the Township did not have a control procedure in place to ensure appropriations and estimated receipts, as authorized by the Township Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Township officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. We recommend the Township implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the County Budget Commission after each amendment.

Officials' Response – We did not receive a response from officials to this finding.

**KINGSVILLE TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2020-002

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. Fund balances should be properly classified based on Governmental Accounting Standards Board (GASB) Statement No. 54: *Fund Balance Reporting and Governmental Fund Type Definitions*. Footnote disclosures should be accurate based on underlying source documentation and governmental accounting standards.

During 2019 and 2020, fund balances, receipts, and disbursements were not always posted or classified correctly.

- GASB 54 fund balance classifications were not always correct. The fund balance of the Ambulance & Emergency Medical fund was improperly classified as Assigned instead of Restricted.
- Real estate rollback receipts were not allocated to the proper funds and were posted to Charges for Services and Miscellaneous instead of Intergovernmental in 2020 and 2019.
- OTARMA Fire Loss insurance money was incorrectly included in Miscellaneous instead of as an Extraordinary item.
- Principal & Interest Payments were recorded as Capital Outlay and Public Works. Debt proceeds and the corresponding capital outlay were not posted in 2019.
- Opening balances were not presented properly due to prior year audit adjustments that were not made properly; and
- Other Adjusting Factors were adjusted off the books in both 2020 & 2019.

Not classifying fund balances accurately and posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments. The Township has posted all adjustments to its accounting system.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook and Ohio Administration Code for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures. The Fiscal Officer should also refer to Auditor of State Technical Bulletin 2011-004 for information on fund and fund balance classifications.

Supporting Documentation

We noted several instances where support for disbursements testing was not provided.

To help demonstrate disbursements are for a public proper purpose, the voucher package should include a copy of the check, purchase order and invoice, at a minimum. No support was provided for 8% of disbursements tested in 2019 and 9% of disbursements tested in 2020 in our non-payroll testing. We were able to determine by other means that these expenditures appeared to be for a proper public purpose.

**KINGSVILLE TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2020-002 (Continued)

Failure to attach an invoice to the voucher package could result in a violation of public records laws and possible findings for recovery. All source documentation, including the purchase order, invoice and copy of the check should be attached to each voucher to help provide evidence of the validity of the expenditure.

During our testing of payroll, there were several instances where no evidence could be found to indicate employee timesheets were reviewed and approved by a supervisor or by township Trustees prior to submission and payment. This condition could result in employees being inaccurately paid.

We recommend that all employee payroll timesheets be reviewed and approved by a supervisor and/or trustee prior to payment being issued. This approval should be indicated by the supervisor/trustee initialing the timesheet.

Officials' Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2020-003

Noncompliance – Late Fees, Interest, and Penalties

26 U.S.C § 3402(a)(1) states that except as otherwise provided in this section, every employer making payments of wages shall deduct and withhold such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary. Furthermore, **26 U.S.C § 3403** states that an employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment.

Ohio Rev. Code § 145.47(B) requires, in part, that the fiscal officer of each local authority subject to this chapter, shall transmit to the system for each contributor subsequent to the date of coverage an amount equal to the applicable per cent of each contributor's earnable salary at such intervals and in such form as the system shall require. The fiscal officer of each local authority subject to this chapter shall transmit promptly to the system a report of contributions at such intervals and in such form as the system shall require, showing thereon all the contributions and earnable salary of each contributor employed, together with warrants, checks, or electronic payments covering the total of such deductions. A penalty shall be added when such report, together with warrants, checks, or electronic payments to cover the total amount due from the earnable salary of all amenable employees of such employer, is filed thirty or more days after the last day of such reporting period.

KINGSVILLE TOWNSHIP
ASHTABULA COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2020-003 (Continued)

The Township was assessed late fees, penalties, and interest relating to late payments to the Internal Revenue Service (IRS), Ohio Public Employees Retirement System (OPERS), Ohio Police and Fire Pension Fund (OPF), and a Bank Note with Northwest Bank totaling \$1,177.57. The Township remitted the following payments related to these fees, penalties, and interest:

Check Number	Check Date	Payee	Fund	Amount
30333	Feb 13, 2019	OPERS	General	58.84
30673	Jul 10, 2019	OPERS	General	43.89
30808	Sep 12, 2019	IRS	General	621.36
30832	Sep 25, 2019	OPERS	General	12.81
30983	Nov 27, 2019	OPF	General	50.00
31076	Dec 31, 2019	OPF	Fire Levy	50.00
31103	Jan 8, 2020	OPERS	General	56.50
31309	Mar 25, 2020	Northwest Bank	Road & Bridge	67.30
31375	Apr 22, 2020	OPERS	General	14.97
31430	May 27, 2020	Northwest Bank	Road & Bridge	67.30
31975	Dec 31, 2020	Northwest Bank	Ambulance & EMS	134.60

Total \$1,177.57

The late fees, interest and penalties assessed against the Township could have been avoided had the Township timely remitted its withholdings and payments due; as such, these expenditures do not serve a proper public purpose. The Township's Fiscal Officer during this period was responsible for remitting withholding and scheduled debt service payments during the time period these fees were incurred.

We recommend the Township pay its withholdings remittances and debt payments in a timely manner to avoid paying penalties on obligations.

Officials' Response – We did not receive a response from officials to this finding.

**KINGSVILLE TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Budgetary Controls	Not Corrected	Repeated as Finding 2020-001
2018-002	Financial Reporting	Not Corrected	Repeated as Finding 2020-002
2018-003	Unremitted Payroll Withholdings	Not Corrected	Repeated as Finding 2020-003

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



KINGSVILLE TOWNSHIP

ASHTABULA 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 5/18/2023

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