

**BRISTOL TOWNSHIP
TRUMBULL COUNTY**

AUDIT REPORT

JANUARY 1, 2017 - DECEMBER 31, 2018

**Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701**

OHIO AUDITOR OF STATE
KEITH FABER



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

Township Trustees
Bristol Township
PO Box 254
Bristolville, Ohio 44402

We have reviewed the *Independent Auditor's Report* of Bristol Township, Trumbull County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Bristol Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 13, 2019

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**BRISTOL TOWNSHIP
TRUMBULL COUNTY
JANUARY 1, 2017 - DECEMBER 31, 2018**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Bristol Township
Trumbull County
P.O. Box 254
Bristolville, Ohio 44402

To the Township Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Bristol Township, Trumbull County, as of and for the years ended December 31, 2018 and 2017.

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 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 opinion.

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, 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 permitted 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 Bristol Township, Trumbull County as of December 31, 2018 and 2017, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type and related notes of Bristol Township, Trumbull County as of December 31, 2018 and 2017 for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 11, 2019, on our consideration of Bristol 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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 11, 2019

**BRISTOL 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, 2018**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 90,470	\$ 331,566	\$ 26,694	\$ -	\$ 448,730
Charges for Services	-	146,456	-	-	146,456
Licenses, Permits and Fees	33,139	793	-	-	33,932
Fines, and Forfeitures	-	100	-	-	100
Intergovernmental	61,849	174,615	-	-	236,464
Earnings on Investments	13,436	4,400	-	1	17,837
Miscellaneous	19,282	18,460	-	-	37,742
Total Cash Receipts	<u>218,176</u>	<u>676,390</u>	<u>26,694</u>	<u>1</u>	<u>921,261</u>
Cash Disbursements:					
Current:					
General Government	183,364	2,703	-	-	186,067
Public Safety	-	372,561	-	-	372,561
Public Works	-	162,708	-	-	162,708
Health	-	33,786	-	-	33,786
Capital Outlay	15,861	192,000	-	-	207,861
Debt Service:					
Principal Retirement	-	48,772	23,023	-	71,795
Interest and Fiscal Charges	-	800	3,671	-	4,471
Total Cash Disbursements	<u>199,225</u>	<u>813,330</u>	<u>26,694</u>	<u>-</u>	<u>1,039,249</u>
Excess of Receipts Over/(Under) Disbursements	18,951	(136,940)	-	1	(117,988)
Other Financing Receipts (Disbursements)					
Other Debt Proceeds	-	162,220	-	-	162,220
Sale of Capital Assets	-	4,057	-	-	4,057
Total Other Financing Receipts (Disbursements)	<u>-</u>	<u>166,277</u>	<u>-</u>	<u>-</u>	<u>166,277</u>
Special Item	2,392	-	-	-	2,392
Net Change in Fund Cash Balance	21,343	29,337	-	1	50,681
Fund Cash Balances, January 1	<u>510,202</u>	<u>733,171</u>	<u>-</u>	<u>10,145</u>	<u>1,253,518</u>
Fund Cash Balances, December 31					
Restricted	-	762,508	-	10,146	772,654
Unassigned (Deficit)	531,545	-	-	-	531,545
Fund Cash Balances, December 31	<u>\$ 531,545</u>	<u>\$ 762,508</u>	<u>\$ -</u>	<u>\$ 10,146</u>	<u>\$ 1,304,199</u>

See notes to financial statements.

**BRISTOL TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. REPORTING ENTITY

Description of the Entity

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

B. 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:

Ambulance and Paramedic Fund – This fund receives payments from insurance companies and individual citizens for emergency services provided by the Township fire department which are used to fund the related operations.

Road & Bridge Fund – This fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads.

Fire Special Levy Fund – This fund receives revenue from a voted levy to purchase equipment and operate the Township's volunteer fire department.

**BRISTOL TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Debt Service Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Miscellaneous Debt Service Fund – This fund was established to retire debt of the Township.

Permanent Funds

These funds account for and report financial resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

C. 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 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary 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 117-2-03(D) permit.

D. 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 and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources

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

**BRISTOL TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2018 appears in Note 3.

E. Deposits and Investments

The Township's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

F. 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.

G. Accumulated Leave

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

H. 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.

**BRISTOL TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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.

3. BUDGETARY ACTIVITY

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 178,265	\$ 220,568	\$ 42,303
Special Revenue	800,517	842,667	42,150
Debt Service	26,698	26,694	(4)
Permanent	-	1	1
Total	<u>\$ 1,005,480</u>	<u>\$ 1,089,930</u>	<u>\$ 84,450</u>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 400,000	\$ 199,225	\$ 200,775
Special Revenue	1,080,313	813,330	266,983
Debt Service	26,698	26,694	4
Total	<u>\$ 1,507,011</u>	<u>\$ 1,039,249</u>	<u>\$ 467,762</u>

**BRISTOL TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

4. EQUITY IN POOLED CASH

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

	<u>2018</u>
Demand deposits	\$ 1,297.153
Certificate of Deposit	<u>7,046</u>
Total Deposits	<u>\$ 1,304,199</u>

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

5. PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Township.

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

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

7. DEFINED BENEFIT PENSION PLANS

Some of the Township's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The full-time road department employees receive a 4% pick-up of their OPER. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. For 2018, the road department OPERS participants contributed 6% of their wages and the Township contributed an amount equal to 18%. The Township has paid all contributions required through December 31, 2018

**BRISTOL TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

7. DEFINED BENEFIT PENSION PLANS (Continued)

Social Security

Several 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, 2018.

8. 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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

9. DEBT

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
Middlefield Bank-Ambulance	\$ 100,023	2.91%
Middlefield Bank-Fire Truck	162,220	3.00%
Total	\$ 262,243	

In October 2017, the Township entered into an agreement with Middlefield Bank to purchase an Ambulance in the amount of \$123,047. Payments will be made bi-annually over 5 years. This will be repaid from the Debt Service fund.

In 2018, the Township entered into an agreement with Middlefield Bank to purchase a fire truck in the amount of \$162,220. Payments will be made annually. This will be repaid from the Fire and Rescue, Ambulance and EMS Services Fund.

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

Year Ending December 31:	Middlefield Bank	Fire Truck
2019	\$ 26,698	\$ 35,421
2020	26,698	35,421
2021	26,698	35,421
2022	26,698	35,421
2023	26,698	35,421
Total	\$ 106,792	\$ 177,105

**BRISTOL 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, 2017**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts:						
Property and Other Local Taxes	\$ 88,938	\$ 253,218	\$ 13,328	\$ -	\$ -	\$ 355,484
Charges for Services	-	183,742	-	-	-	183,742
Licenses, Permits and Fees	30,661	936	-	-	-	31,597
Fines, and Forfeitures	-	50	-	-	-	50
Intergovernmental	56,238	186,279	-	118,786	-	361,303
Earnings on Investments	6,463	1,888	-	-	1	8,352
Miscellaneous	16,614	8,527	-	-	-	25,141
Total Cash Receipts	<u>198,914</u>	<u>634,640</u>	<u>13,328</u>	<u>118,786</u>	<u>1</u>	<u>965,669</u>
Cash Disbursements:						
Current:						
General Government	212,608	4,704	-	-	-	217,312
Public Safety	-	374,523	-	-	-	374,523
Public Works	-	164,636	-	-	-	164,636
Health	-	28,433	-	-	-	28,433
Capital Outlay	-	164,814	-	118,786	-	283,600
Debt Service:						
Principal Retirement	-	-	11,228	-	-	11,228
Interest and Fiscal Charges	-	-	2,100	-	-	2,100
Total Cash Disbursements	<u>212,608</u>	<u>737,110</u>	<u>13,328</u>	<u>118,786</u>	<u>-</u>	<u>1,081,832</u>
Excess of Receipts Over/(Under) Disbursements	(13,694)	(102,470)	-	-	1	(116,163)
Other Financing Receipts (Disbursements)						
Other Debt Proceeds	-	123,046	-	-	-	123,046
Total Other Financing Receipts (Disbursements)	<u>-</u>	<u>123,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,046</u>
Special Item	2,114	-	-	-	-	2,114
Net Change in Fund Cash Balance	(11,580)	20,576	-	-	1	8,997
Fund Cash Balances, January 1	<u>521,782</u>	<u>712,595</u>	<u>-</u>	<u>-</u>	<u>10,144</u>	<u>1,244,521</u>
Fund Cash Balances, December 31						
Restricted	-	733,171	-	-	10,145	743,316
Unassigned (Deficit)	510,202	-	-	-	-	510,202
Fund Cash Balances, December 31	<u>\$ 510,202</u>	<u>\$ 733,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,145</u>	<u>\$ 1,253,518</u>

See notes to financial statements.

**BRISTOL TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. REPORTING ENTITY

Description of the Entity

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

B. 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:

Ambulance and Paramedic Fund – This fund receives payments from insurance companies and individual citizens for emergency services provided by the Township fire department which are used to fund the related operations.

Road & Bridge Fund – This fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads.

Fire Special Levy Fund – This fund receives revenue from a voted levy to purchase equipment and operate the Township's volunteer fire department.

**BRISTOL TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Debt Service Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Miscellaneous Debt Service Fund – This fund was established to retire debt of the Township.

Capital Projects Fund

These funds account for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant Capital Projects Fund:

Miscellaneous Capital Projects Fund – This fund receives money for repairs and maintenance of miscellaneous capital projects.

Permanent Funds

These funds account for and report financial resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

C. 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 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary 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 117-2-03(D) permit.

D. 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 and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**BRISTOL TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimated Resources

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

Encumbrances

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

A summary of 2017 appears in Note 3.

E. Deposits and Investments

The Township's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

F. 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.

G. Accumulated Leave

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

H. 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.

**BRISTOL TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 177,028	\$ 201,028	\$ 24,000
Special Revenue	626,628	757,686	131,058
Debt Service	13,328	13,328	-
Capital Projects	118,786	118,786	-
Permanent	1	1	-
Total	<u>\$ 935,771</u>	<u>\$ 1,090,829</u>	<u>\$ 155,058</u>

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 350,507	\$ 212,608	\$ 137,899
Special Revenue	1,003,055	737,110	265,945
Debt Service	13,328	13,328	-
Capital Projects	118,786	118,786	-
Total	<u>\$ 1,485,676</u>	<u>\$ 1,081,832</u>	<u>\$ 403,844</u>

**BRISTOL TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

4. EQUITY IN POOLED CASH

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

	<u>2017</u>
Demand deposits	\$ 1,246,473
Certificate of Deposit	<u>7,045</u>
Total Deposits	<u>\$ 1,253,518</u>

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

5. PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Township.

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

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

7. DEFINED BENEFIT PENSION PLANS

Some of the Township's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The full-time road department employees receive a 4% pick-up of their OPER. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. For 2017, the road department OPERS participants contributed 6% of their wages and the Township contributed an amount equal to 18%. The Township has paid all contributions required through December 31, 2017

**BRISTOL TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

7. DEFINED BENEFIT PENSION PLANS (Continued)

Social Security

Several 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, 2017.

8. 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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

9. DEBT

Debt outstanding at December 31, 2017, was as follows:

	Principal	Interest Rate
Cortland Bank	\$ 48,772	3.50%
Middlefield Bank	123,046	2.91%
Total	\$ 171,818	

In August 2016, the Township entered into an agreement with Cortland Bank to purchase an Ambulance in the amount of \$60,000. Payments will be annually over 5 years. This will be repaid from the Debt Service Fund.

In October 2017, the Township entered into an agreement with Middlefield Bank to purchase an Ambulance in the amount of \$123,047. Payments will be made bi-annually over 5 years. This will be repaid from the debt service fund.

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

Year Ending December 31:	Cortland Bank	Middlefield Bank
2018	\$ 13,328	\$ 26,698
2019	13,328	26,698
2020	13,328	26,698
2021	13,328	26,698
2022	-	26,698
Total	\$ 53,312	\$ 133,490

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Bristol Township
Trumbull County
P.O. Box 254.
Bristolville, Ohio 44402

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Bristol Township, Trumbull County as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated June 11, 2019, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Bristol Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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 a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider Finding 2018-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bristol 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 determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Finding

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 11, 2019

**BRISTOL TOWNSHIP
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

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

FINDING NUMBER 2018-001

Significant Deficiency – Financial Reporting

All public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transaction, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

As a result of audit procedures, errors were noted that required reclassification to the financial statement as follows:

- A reclassification in the amount of \$15,861 was made from General Government to Capital Outlay in the General Fund in 2018.
- A reclassification in the amount of \$4,057 was made from Miscellaneous Receipts to Sale of Capital Assets in the Fire District Fund in 2018.
- A reclassification in the amount of \$192,000 was made from Public Safety to Capital Outlay in the Fire and Rescue, Ambulance and EMS Services Fund in 2018.
- A reclassification in the amount of \$49,572 from Public Safety to Principal Retirement in the amount of \$48,772 and to Interest and Fiscal Charges in the amount of \$800 in 2018 in the Fire and Rescue, Ambulance and EMS Services Fund.
- A reclassification in the amount of \$164,814 was made from Public Safety to Capital Outlay in the Fire and Rescue, Ambulance and EMS Services Fund in 2017.

Sound financial reporting is the responsibility of the Township and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures to identify and correct errors and omissions. In addition, the Township should review the financial statements and notes prior to submission for audit.

Client Response: We are aware of this reclassification and will address it moving forward.

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OHIO AUDITOR OF STATE KEITH FABER



BRISTOL 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
AUGUST 27, 2019**