



**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Trumbull Township Board of Trustees
Ashtabula County
2730 Mechanicsville Road
Rock Creek, Ohio 44084

To the Board of Trustees:

We have audited the accompanying financial statements of Trumbull Township, Ashtabula County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Jim Petro
Auditor of State

March 9, 2000

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$31,394	\$133,963	\$11,157	\$0	\$176,514
Intergovernmental	38,084	100,046	0	\$53,541	191,671
Licenses, Permits, and Fees	0	4,190	0	0	4,190
Earnings on Investments	5,024	382	0	0	5,406
Other Revenue	1,087	2,435	0	0	3,522
	<u>75,589</u>	<u>241,016</u>	<u>11,157</u>	<u>53,541</u>	<u>381,303</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	46,074	1,110	0	0	47,184
Public Safety	916	67,833	0	0	68,749
Public Works	0	138,369	0	0	138,369
Health	9,742	4,092	0	0	13,834
Debt Service:					
Redemption of Principal	0	0	10,333	0	10,333
Interest and Fiscal Charges	0	0	824	0	824
Capital Outlay	0	3,845	0	53,541	57,386
	<u>56,732</u>	<u>215,249</u>	<u>11,157</u>	<u>53,541</u>	<u>336,679</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>18,857</u>	<u>25,767</u>	<u>0</u>	<u>0</u>	<u>44,624</u>
Other Financing Receipts/(Disbursements):					
Other Sources	105	0	0	0	105
	<u>105</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>105</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>18,962</u>	<u>25,767</u>	<u>0</u>	<u>0</u>	<u>44,729</u>
Fund Cash Balances, January 1	53,554	56,484	0	0	110,038
Fund Cash Balances, December 31	<u>\$72,516</u>	<u>\$82,251</u>	<u>\$0</u>	<u>\$0</u>	<u>\$154,767</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$30,923	\$120,679	\$11,157	\$162,759
Intergovernmental	18,687	77,709	0	96,396
Licenses, Permits, and Fees	0	3,105	0	3,105
Earnings on Investments	2,054	474	0	2,528
Other Revenue	39	2,187	0	2,226
	<u>51,703</u>	<u>204,154</u>	<u>11,157</u>	<u>267,014</u>
Total Cash Receipts				
	51,703	204,154	11,157	267,014
Cash Disbursements:				
Current:				
General Government	41,128	1,466	0	42,594
Public Safety	747	67,664	0	68,411
Public Works	0	94,795	0	94,795
Health	7,776	4,185	0	11,961
Conservation - Recreation	476	0	0	476
Miscellaneous	650	0	0	650
Debt Service:				
Redemption of Principal	0	0	10,333	10,333
Interest and Fiscal Charges	0	0	824	824
Capital Outlay	0	27,678	0	27,678
	<u>50,777</u>	<u>195,788</u>	<u>11,157</u>	<u>257,722</u>
Total Cash Disbursements				
	50,777	195,788	11,157	257,722
Total Receipts Over/(Under) Disbursements	926	8,366	0	9,292
Other Financing Receipts/(Disbursements):				
Other Sources	2,884	0	0	2,884
	<u>2,884</u>	<u>0</u>	<u>0</u>	<u>2,884</u>
Total Other Financing Receipts/(Disbursements)				
	2,884	0	0	2,884
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,810	8,366	0	12,176
Fund Cash Balances, January 1	50,014	48,118	0	98,132
Fund Cash Balances, December 31	<u><u>\$53,824</u></u>	<u><u>\$56,484</u></u>	<u><u>\$0</u></u>	<u><u>\$110,308</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Trumbull Township, Ashtabula County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Trumbull Volunteer Fire Department to provide fire and ambulance services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

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

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -(Continued)

Ambulance Levy Fund - This fund receives property tax money for maintaining/purchasing equipment and covering costs for providing emergency medical services.

Fire Levy Fund - This fund receives property tax money for maintaining/purchasing equipment and covering costs for providing emergency fire services.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had a General Bond (Note) Retirement Fund which received property tax money to retire the debt associated with the purchase of a truck for use by the Township road department.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Issue II Fund - The Township received a grant from the State of Ohio to widen/resurface a portion of State Road at the northern end of the Township.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reapportioned in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -(Continued)

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$61,359	\$49,274
Certificates of deposit	0	25,000
Total deposits	61,359	74,274
STAR Ohio	93,408	35,764
Total investments	93,408	35,764
Total deposits and investments	\$154,767	\$110,038

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,860	\$75,694	\$27,834
Special Revenue	205,600	241,016	35,416
Debt Service	11,157	11,157	0
Capital Projects	69,818	53,541	(16,277)
Total	\$334,435	\$381,408	\$46,973

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$97,136	\$56,732	\$40,404
Special Revenue	241,295	215,249	26,046
Debt Service	11,157	11,157	0
Capital Projects	69,818	53,541	16,277
Total	<u>\$419,406</u>	<u>\$336,679</u>	<u>\$82,727</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$51,900	\$54,587	\$2,687
Special Revenue	193,200	204,154	10,954
Debt Service	11,766	11,157	(609)
Capital Projects	69,818	0	(69,818)
Total	<u>\$326,684</u>	<u>\$269,898</u>	<u>(\$56,786)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$101,790	\$51,047	\$50,743
Special Revenue	240,610	195,788	44,822
Debt Service	11,766	11,157	609
Capital Projects	69,818	0	69,818
Total	<u>\$423,984</u>	<u>\$257,992</u>	<u>\$165,992</u>

4. PROPERTY TAX

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Notes	10,333	4.62%

The general obligation note was issued to finance the purchase of a new dump truck to be used for Township road maintenance. The note is unsecured.

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

Year ending December 31:	General Obligation Notes
2000	10,811

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

8. CONTINGENT LIABILITIES

The Township is involved in some litigation regarding zoning issues. Although the outcome of these issues is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

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

Trumbull Township Board of Trustees
Ashtabula County
2730 Mechanicsville Road
Rock Creek, Ohio 44084

To the Board of Trustees:

We have audited the accompanying financial statements of Trumbull Township, Ashtabula County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 9, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 9, 2000.

Trumbull Township Board of Trustees
Ashtabula County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 9, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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TRUMBULL TOWNSHIP

ASHTABULA 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
MARCH 23, 2000**