



**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2010



Dave Yost • Auditor of State

Board of Trustees
Trumbull Township
2443 State Route 534
Geneva, Ohio 44041

We have reviewed the *Independent Accountants' Report* of Trumbull Township, Ashtabula County, prepared by Canter & Associates, for the audit period January 1, 2010 through December 31, 2010. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 1, 2011

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TRUMBULL TOWNSHIP
ASHTABULA COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Trumbull Township
Ashtabula County
2443 S.R. 534
Geneva, Ohio 44041

To the Board of Trustees:

We have audited the accompanying financial statements of Trumbull Township, Ashtabula County, (the Township) as of and for the year ended December 31, 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010, or its changes in financial position for the year then ended.

Trumbull Township
Ashtabula County
Independent Accountants' Report

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of Trumbull Township, Ashtabula County, as of December 31, 2010 and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



CANTER & ASSOCIATES

Poland, Ohio

August 15, 2011

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$61,113	\$135,884	\$ -	\$196,997
Licenses, Permits, and Fees	-	4,005	-	4,005
Intergovernmental	23,111	153,637	25,000	201,748
Earnings on Investments	6	-	-	6
Miscellaneous	2,790	10,762	-	13,552
Total Cash Receipts	<u>87,020</u>	<u>304,288</u>	<u>25,000</u>	<u>416,308</u>
Cash Disbursements:				
Current:				
General Government	81,250	44,998	-	126,248
Public Safety	-	12,935	-	12,935
Public Works	-	167,256	-	167,256
Health	17,387	4,068	-	21,455
Capital Outlay	-	99,966	270,066	370,032
Debt Service:				
Redemption of Principal	-	21,969	-	21,969
Interest and Other Fiscal Charges	-	2,468	-	2,468
Total Cash Disbursements	<u>98,637</u>	<u>353,660</u>	<u>270,066</u>	<u>722,363</u>
Total Receipts Over/(Under) Disbursements	<u>(11,617)</u>	<u>(49,372)</u>	<u>(245,066)</u>	<u>(306,055)</u>
Other Financing Receipts / (Disbursements):				
Sale of Fixed Assets	2,000	-	-	2,000
Note Proceeds	-	53,184	270,066	323,250
Advances Out	-	-	-	-
Transfers In	-	23,725	-	23,725
Transfers Out	(23,725)	-	-	(23,725)
Total Other Financing Receipts / (Disbursements)	<u>(21,725)</u>	<u>76,909</u>	<u>270,066</u>	<u>325,250</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	<u>(33,342)</u>	<u>27,537</u>	<u>25,000</u>	<u>19,195</u>
Fund Cash Balances, January 1	<u>50,819</u>	<u>28,597</u>	<u>-</u>	<u>79,416</u>
Fund Cash Balances, December 31	<u><u>\$17,477</u></u>	<u><u>\$56,134</u></u>	<u><u>\$25,000</u></u>	<u><u>\$98,611</u></u>
Reserve for Encumbrances, December 31	<u><u>\$980</u></u>	<u><u>\$83</u></u>	<u><u>\$0</u></u>	<u><u>\$1,063</u></u>

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

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Trumbull 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 and cemetery maintenance. The Township contracts with Hartsgrove Township to provide fire services and Northwest Ambulance District and South Central Ambulance District to provide ambulance services.

The Township participates in the Ohio Township Association Risk Management Authority public entity risk pool providing property and casualty coverage for its members'. Note 6 to the financial statements provide additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

C. Cash and Investments

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

The Township maintained a general checking account and STAR Ohio account. STAR Ohio is recorded at share values reported by the mutual fund.

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose 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.

3. Capital Projects Fund

This fund accounts for resources restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Projects Fund:

Ohio Public Works Commission Fund – The Township received a grant from the State of Ohio to repair Township roads.

E. Budgetary Process

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

1. Appropriations

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

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2010 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2010</u>
Demand deposits	\$97,985
Investment - STAR Ohio	<u>626</u>
Total deposits and investments	<u><u>\$98,611</u></u>

Deposits: Deposits are either 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.

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2010 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$113,777	\$89,020	(\$24,757)
Special Revenue	343,859	381,197	37,338
Capital Projects	314,736	295,066	(19,670)
	<u>\$772,372</u>	<u>\$765,283</u>	<u>(\$7,089)</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$113,777	\$123,342	(\$9,565)
Special Revenue	344,974	353,743	8,769
Capital Projects	314,736	270,066	44,670
Total	<u>\$773,487</u>	<u>\$747,151</u>	<u>\$43,874</u>

4. PROPERTY TAX

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 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.

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

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

5. RETIREMENT SYSTEMS

The Township employees and elected officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

The Ohio Revised Code also prescribes contribution rates. For 2010, OPERS members contributed 10 percent of their gross salaries. The Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

The current fiscal officer and the previous fiscal officer opted out of OPERS and contributed to the Social Security system for the year ended December 31, 2010.

6. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net assets at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, liabilities noted above include approximately \$9.9 million and \$12.0 million of estimated incurred claims payable. The assets and net assets above also include approximately \$9.5 million and \$11.5 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$8,612.

Based on discussions with OTARMA the expected rates charged by OTARMA to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
2010	\$11,638
2009	11,190
2008	10,049

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to withdrawal.

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

7. DEBT

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes-Backhoe	\$11,329	3.50%
General Obligation Notes-Ford F550	43,049	4.25%
OPWC	372,430	0.00%
OPWC	100,000	0.00%
Total	<u>\$526,808</u>	

The Township took out loans from OPWC for State Road repairs in the amounts of \$100,000 and \$392,100 respectively, payable in semi-annual payments over a term of 20 years with a 0% interest rate. The first payment was not due until June 2011 on the \$100,000 loan and the \$392,100 is not due until fully drawn down. The Township's taxing authority collateralized all debt.

Amortization of the above debt:

Year ending December 31:	<u>OPWC</u>	<u>General Obligation Notes- Backhoe</u>	<u>General Obligation Notes- Ford F550</u>
2011	\$5,000	\$10,369	\$10,101
2012	24,605	960	10,526
2013	24,605		10,978
2014	24,605		11,444
2015	24,605		
2016-2020	123,025		
2021-2025	123,025		
2026-2030	122,000		
2031	960		
Total	<u>\$472,430</u>	<u>\$11,329</u>	<u>\$43,049</u>

8. CONTINGENT LIABILITIES

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Trumbull Township
Ashtabula County
2443 S.R. 534
Geneva, Ohio 44041

To the Board of Trustees:

We have audited the financial statements of the of the Trumbull Township, (the Township), Ashtabula County, as of and for the years ended December 31, 2010 and have issued our report thereon dated August 15, 2011 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated August 15, 2011.

This report is intended solely for the information and use of management, the Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.

CANTER & ASSOCIATES

A handwritten signature in blue ink that reads "Canter & Assoc" with a stylized flourish at the end.

Poland, Ohio

August 15, 2011

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEARS ENDED DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2009-001 & 2008-001	Lack of bank monthly reconciliations.	Yes	
2009-002, and 2009-003, 2008-002 & 2008-003	Checks were written off the UAN system, voided checks not maintained, vouchers not always on file, supporting documentation not always with voucher, differences in amounts paid as compared to invoices not explained, and Fiscal Officer's signature not always on warrant.	Yes	.
2009-004 & 2008-004	Monitoring control system	Yes	
2008-005	Double invoice payment	Yes	

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Dave Yost • Auditor of State

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
NOVEMBER 15, 2011