



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TRUMBULL TOWNSHIP
ASHTABULA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Trumbull Township
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, (the Township) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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, 2001 and 2000, 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 December 13, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

December 13, 2002

**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, 2001**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$35,965	\$151,424	\$187,389
Intergovernmental	28,503	85,787	114,290
Licenses, Permits, and Fees		3,655	3,655
Earnings on Investments	5,361	540	5,901
Other Revenue	8,791	547	9,338
Total Cash Receipts	<u>78,620</u>	<u>241,953</u>	<u>320,573</u>
Cash Disbursements:			
Current:			
General Government	61,194	2,362	63,556
Public Safety	730	67,230	67,960
Public Works		132,962	132,962
Health	10,418	5,291	15,709
Capital Outlay		1,420	1,420
Total Cash Disbursements	<u>72,342</u>	<u>209,265</u>	<u>281,607</u>
Total Receipts Over/(Under) Disbursements	<u>6,278</u>	<u>32,688</u>	<u>38,966</u>
Other Financing Receipts and (Disbursements):			
Transfers-In		2,000	2,000
Transfers-Out	(2,000)		(2,000)
Other Sources	173		173
Other Uses	(308)		(308)
Total Other Financing Receipts/(Disbursements)	<u>(2,135)</u>	<u>2,000</u>	<u>(135)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>4,143</u>	<u>34,688</u>	<u>38,831</u>
Fund Cash Balances, January 1	<u>64,888</u>	<u>107,899</u>	<u>172,787</u>
Fund Cash Balances, December 31	<u><u>\$69,031</u></u>	<u><u>\$142,587</u></u>	<u><u>\$211,618</u></u>

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

**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, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$36,499	\$142,129	\$10,832	\$189,460
Intergovernmental	19,874	88,730		108,604
Licenses, Permits, and Fees		2,610		2,610
Earnings on Investments	7,152	124		7,276
Other Revenue	254	1,810		2,064
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	63,779	235,403	10,832	310,014
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	61,568	1,291		62,859
Public Safety	864	67,781		68,645
Public Works		134,906		134,906
Health	8,975	4,743		13,718
Debt Service:				
Redemption of Principal			10,554	10,554
Interest and Fiscal Charges			278	278
Capital Outlay		1,033		1,033
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	71,407	209,754	10,832	291,993
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(7,628)	25,649	0	18,021
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	72,516	82,250		154,766
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$64,888</u>	<u>\$107,899</u>	<u>\$0</u>	<u>\$172,787</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, 2001 AND 2000**

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 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

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

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

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:

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 used by the Township road department. This debt was paid off July 1, 2000.

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 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 reappropriated in the subsequent year.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(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. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and 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:

	2001	2000
Demand deposits	\$146,404	\$98,859
Investments:		
STAR Ohio	65,214	73,928
Total deposits and investments	\$211,618	\$172,787

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

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, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$56,380	\$78,793	\$22,413
Special Revenue	231,198	243,953	12,755
Total	\$287,578	\$322,746	\$35,168

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$119,679	\$74,650	\$45,029
Special Revenue	300,947	209,265	91,682
Total	\$420,626	\$283,915	\$136,711

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,910	\$63,779	\$12,869
Special Revenue	212,846	235,403	22,557
Debt Service	21,642	10,832	(10,810)
Total	\$285,398	\$310,014	\$24,616

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$115,000	\$71,407	\$43,593
Special Revenue	260,270	209,754	50,516
Debt Service	10,810	10,832	(22)
Total	\$386,080	\$291,993	\$94,087

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.

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.

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

Trumbull Township
Ashtabula County
2730 Mechansville Rd.
Rock Creek, Ohio 44024

To the Board of Trustees:

We have audited the accompanying financial statements of Trumbull Township, Ashtabula County, (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated December 13, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Trumbull Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion in 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 *Governments Auditing Standards*. However, we noted one instance of noncompliance over financial reporting that does not require inclusion in this report, that we have reported to the management of Trumbull Township in a separate letter dated December 13, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies, in the design or operating of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as Items 2001-31104-001 through 2001-31104-003

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

Trumbull Township
Ashtabula County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

However, of the reportable conditions described above, we consider items 2001-31104-001 and 2001-31104-002 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of Trumbull Township in a separate letter dated December 13, 2002.

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

December 13, 2002

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-31104-001

Material Weakness

The Township's financial records had not been reconciled with the Township's depositories at month end for 2001. There were various posting errors to the records of the Township, which also affected the accuracy of the Township's 2001 annual financial report.

Without a monthly reconciliation between the books and the banks utilized by the Township at month end, and maintaining current and accurate posting of records, undetected errors or irregularities could occur and not be corrected on a timely basis.

As a public entity, the Township needs to present a current and accurate account of its financial operation to the constituents of Trumbull Township. Bank reconciliations need to be performed at month end and reviewed by the Trustees. Any errors to the reconciliation should be corrected and/or disclosed as soon as possible. Postings of financial information should also be done on a current basis in order for it to be consistent and accurate.

FINDING NUMBER 2001-31104-002

Material Weakness

The Township utilizes the UAN software program for the accounting of its financial activity, including the printing of checks, however, the following weaknesses were noted: (1) manual warrants were issued off the system, (2) not all vouchers were on file, (3) cancelled or voided checks were not maintained on file, (4) disbursements at times were made without supporting documentation attached, (5) differences occurred between supporting documentation and amounts paid and no explanation given; and (6) in some instances the Clerk's signature was not included on the warrant.

These weaknesses could result in the Township paying for goods/services not received/rendered, nor approved. The lack of the fiscal officer's signature does not provide adequate expenditure authority, and without original supporting documentation, amounts paid can not be verified as being correct. The lack of vouchers and checks being maintained on file in an organized manner, could lead to unauthorized disbursements. These weaknesses do not provide a sufficient audit trail for disbursement activity and necessitated in increasing auditing procedures for the audit period.

All warrants should include the signature of the Clerk and at least two Trustees. In that the Township is on the UAN system, any occurrences of manual check writing should be rare (if any at all). Calculator tapes should be attached to voucher packages when amounts paid differ from supporting documentation amounts, and explanations included on why there are any differences. The voucher packages and checks should be maintained on file in chronological order, including voids. Disbursements should only be paid based on the original supporting documentation attached and the invoices cancelled upon payment.

FINDING NUMBER 2001-31104-003

Reportable Condition

Errors were made in posting property tax receipts to the fund ledgers. Homestead and Rollback receipts were not posted to their respective funds in 2001 with the entire amounts credited to the General Fund.

These errors caused misstatements of receipts and cash balances in the affected funds. As a result, adjustments to the financial statements had to be made.

The Clerk when receiving Homestead & Rollback receipts from the State Auditor's Office should ensure that the amounts posted correspond to the County Auditor's Tax Settlement Sheets, which reflect what funds are to receive the Homestead & Rollback taxes.



STATE OF OHIO
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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
DECEMBER 31, 2002**