



**TRURO TOWNSHIP
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TRURO TOWNSHIP
FRANKLIN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Truro Township
Franklin County
6900 East Main Street
Reynoldsburg, Ohio 43068

We have audited the accompanying financial statements of Truro Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2001 and December 31, 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 described 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 and reserve for encumbrances of the Township as of December 31, 2001 and December 31, 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 January 30, 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 management, the Board and other officials authorized to receive this report under Section 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

January 30, 2002

**TRURO TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Non-Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$93,604	\$2,756,495	\$0	\$2,850,099
Intergovernmental	88,533	365,998	0	454,538
Licenses, Permits, and Fees	0	5,801	0	5,801
Earnings on Investments	60,548	5,238	2,292	68,078
Other Receipts	0	49,281	0	49,281
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	242,685	3,182,812	2,292	3,427,797
Cash Disbursements:				
Current:				
General Government	\$192,469	\$0	\$0	\$192,469
Public Safety	0	3,182,476	0	3,182,476
Public Works	15,418	45,782	0	61,201
Health	9,606	58,185	0	67,792
Supplies and Materials	0	1,988	3,573	5,561
Miscellaneous	0	11,924	0	11,924
Capital Outlay	16,821	404,320	0	421,140
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Total Cash Disbursements	234,314	3,704,676	3,573	3,942,563
Total Cash Receipts Over/(Under) Disbursements	8,371	(521,864)	(1,281)	(514,774)
Other Financing Receipts/(Disbursements):				
Transfers-In	0	3,261	0	3,261
Transfers-Out	(3,261)	0	0	(3,261)
Other Sources	2,582	2,850	0	5,432
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Total Other Financing Receipts/(Disbursements)	(678)	6,110	0	5,432
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	7,693	(515,753)	(1,281)	(509,342)
Fund Cash Balances, January 1, 2001	313,718	1,236,694	68,983	1,619,394
Fund Cash Balances, December 31, 2001	<u>\$321,411</u>	<u>\$720,940</u>	<u>\$67,701</u>	<u>\$1,110,053</u>

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

**TRURO TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Non-Expendable Trust	
Cash Receipts:					
Local Taxes	\$92,777	\$2,707,109	\$0	\$0	\$2,799,886
Intergovernmental	82,703	364,622	0	0	447,326
Licenses, Permits, and Fees		6,310	0	0	113,951
Earnings on Investments	95,366	8,293	0	3,983	107,642
Other Receipts	58	19,112	0	0	19,170
Total Cash Receipts	270,905	3,105,445	0	3,983	3,380,333
Cash Disbursements:					
Current:					
General Government	\$187,286	\$0	\$0	\$0	\$187,286
Public Safety	0	2,774,719	0	0	2,774,719
Public Works	9,729	39,514	0	0	49,243
Health	12,684	51,548	0	0	64,232
Supplies and Materials	0	1,862	0	0	1,862
Miscellaneous	0	10,535	0	0	10,535
Capital Outlay	0	400,069	0	0	400,069
Total Cash Disbursements	209,698	3,278,247	0	0	3,487,946
Total Cash Receipts Over Disbursements	61,207	(172,802)	0	3,983	(107,613)
Other Financing Receipts/(Disbursements):					
Transfers-In	0	0	4,786		4,786
Transfers-Out	(4,786)	0	0	0	(4,786)
Other Sources	14,712	2,100	0	0	16,812
Total Other Financing Receipts/(Disbursements)	9,926	2,100	4,786	0	16,812
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	71,133	(170,702)	4,786	3,983	(90,801)
Fund Cash Balances, January 1, 2000	242,584	1,407,396	(4,786)	65,000	1,710,195
Fund Cash Balances, December 31, 2000	\$313,718	\$1,236,694	(\$0)	\$68,983	\$1,619,394
Reserve for Encumbrances, December 31, 2000	\$0	\$12,500	\$0	\$0	\$12,500

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

**TRURO TOWNSHIP
FRANKLIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Truro Township, Franklin County, Ohio (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'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

U. S. Treasury Notes and Repurchase agreements are valued at cost. The investment in STAROhio (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 and 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:

**TRURO TOWNSHIP
FRANKLIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire District Fund- This fund receives property tax revenue and other intergovernmental revenue for maintaining and operating the Township fire department.

3. Fiduciary Funds (Non-expendable Trust Fund)

This Fund is used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the principal of the trust, the fund is classified as a non-expendable trust fund. The township had the following significant fiduciary fund

Silent Home Cemetery Bequest- Interest earnings from this bequest are posted to the Township cemetery fund to be used for cemetery upkeep.

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 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.

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 re-appropriated.

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

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.

**TRURO TOWNSHIP
FRANKLIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Township maintains a cash and investment pool used by all funds except the non-expendable trust fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 were as follows:

	<u>2001</u>	<u>2000</u>
Demand deposits	<u>\$61,272</u>	<u>\$64,157</u>
Total deposits	<u>61,272</u>	<u>64,157</u>
STAR Ohio	865,369	1,446,558
Treasury Note	67,701	68,983
Repurchase Agreements	<u>115,711</u>	<u>39,696</u>
Total investments	<u>1,048,781</u>	<u>1,555,237</u>
Total deposits and investments	<u><u>\$1,110,053</u></u>	<u><u>\$1,619,394</u></u>

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

Investments: U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities. Investments in Star Ohio are not evidenced by securities that exist in physical or book entry form.

**TRURO TOWNSHIP
FRANKLIN COUNTY**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$253,185	\$245,267	(\$7,918)
Special Revenue	3,222,106	3,188,923	(33,183)
Non-expendable Trust	4,843	2,292	(2,551)
Total	<u>\$3,480,134</u>	<u>\$3,436,482</u>	<u>(\$43,652)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$346,521	\$237,575	\$108,946
Special Revenue	4,418,615	3,704,676	713,939
Non-Expendable Trust	3,574	3,573	1
Total	<u>\$4,768,710</u>	<u>\$3,945,824</u>	<u>\$822,886</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$253,071	\$285,617	\$32,546
Special Revenue	2,394,243	3,107,545	713,302
Non-expendable Trust	0	3,983	3,983
Total	<u>\$2,647,314</u>	<u>\$3,397,145</u>	<u>\$749,831</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$302,344	\$214,484	\$87,860
Special Revenue	4,127,973	3,290,747	837,226
Non-expendable Trust	4,000	0	4,000
Total	<u>\$4,434,317</u>	<u>\$3,505,231</u>	<u>\$929,086</u>

**TRURO TOWNSHIP
FRANKLIN COUNTY**

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

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.

5. RETIREMENT SYSTEMS

The Township's certified fire fighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are a cost-sharing, multiple-employer plans. These plans provide 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, the Township contributed the firefighter's 10.0% and the employer's 24.0% to the PFDPF. PERS members contributed 8.5% of their gross salaries. The Township contributed the 8.5% employee's share and the 13.55% employer's share for the Administrator and Road and Cemetery Supervisor in 2001. 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

Risk Pool Membership

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 insurance for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

TRURO TOWNSHIP
FRANKLIN COUNTY

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

6. RISK MANAGEMENT (Continued)

Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2000, which is the latest information available:

<u>Casualty Coverage</u>	<u>2000</u>
Assets	\$22,684,383
Liabilities	<u>8,924,977</u>
Retained earnings	<u>\$13,759,406</u>

<u>Property Coverage</u>	<u>2000</u>
Assets	\$4,156,784
Liabilities	<u>497,831</u>
Retained earnings	<u>\$3,658,953</u>



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

Board of Trustees
Truro Township
Franklin County
6900 East Main Street
Reynoldsburg, Ohio 43068

We have audited the accompanying financial statements of Truro Township, Franklin County, Ohio (the Township), as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated January 30, 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 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*. However, we noted a certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated January 30, 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. 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 January 30, 2002.

Truro Township
Franklin County
Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended 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.

JIM PETRO
Auditor of State

January 30, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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TRURO TOWNSHIP

FRANKLIN 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 21, 2002**