



**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009



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, 2008 through December 31, 2009. 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

January 31, 2011

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TRUMBULL TOWNSHIP
ASHTABULA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008.....	4
Notes to the Financial Statements	5
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13
Schedule of Audit Findings	15
Schedule of Prior Audit Findings.....	19



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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 years ended December 31, 2009 and 2008. 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 years ended December 31, 2009 and 2008 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, 2009 and 2008, or its changes in financial position for the years 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 reserves for encumbrances of Trumbull Township, Ashtabula County, as of December 31, 2009 and 2008 and its combined cash receipts and disbursements for the years 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 December 30, 2010, 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

December 30, 2010

**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, 2009**

	<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	\$62,166	\$137,578	-	\$199,744
Licenses, Permits, and Fees	-	3,440	-	3,440
Intergovernmental	25,764	114,469	202,364	342,597
Earnings on Investments	120	-	-	120
Miscellaneous	13,266	3,975	-	17,241
Total Cash Receipts	<u>101,316</u>	<u>259,462</u>	<u>202,364</u>	<u>563,142</u>
Cash Disbursements:				
Current:				
General Government	116,015	26,826	-	142,841
Public Safety	-	23,534	-	23,534
Public Works	-	142,910	-	142,910
Health	-	1,108	-	1,108
Capital Outlay	-	18,933	202,364	221,297
Debt Service:				
Redemption of Principal	-	10,534	-	10,534
Interest and Other Fiscal Charges	-	1,012	-	1,012
Total Cash Disbursements	<u>116,015</u>	<u>224,857</u>	<u>202,364</u>	<u>543,236</u>
Total Receipts Over/(Under) Disbursements	(14,699)	34,605	-	19,906
Fund Cash Balances, January 1	<u>65,518</u>	<u>(6,008)</u>	<u>-</u>	<u>59,510</u>
Fund Cash Balances, December 31	<u>\$50,819</u>	<u>\$28,597</u>	<u>\$0</u>	<u>\$79,416</u>
Reserve for Encumbrances, December 31	<u>\$7,546</u>	<u>\$13,587</u>	<u>\$0</u>	<u>\$21,133</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, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$51,679	\$124,579	\$176,258
Licenses, Permits, and Fees	-	2,695	2,695
Intergovernmental	155,658	345,747	501,405
Earnings on Investments	1,086	-	1,086
Miscellaneous	3,303	1,836	5,139
	<u>211,726</u>	<u>474,857</u>	<u>686,583</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	54,984	32,752	87,736
Public Safety	500	71,718	72,218
Public Works	6,799	144,632	151,431
Health	1,000	-	1,000
Miscellaneous	-	1,244	1,244
Capital Outlay	19,487	97,308	116,795
Debt Service:			
Redemption of Principal	95,815	192,960	288,775
Interest and Other Fiscal Charges	1,543	14,782	16,325
	<u>180,128</u>	<u>555,396</u>	<u>735,524</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>31,598</u>	<u>(80,539)</u>	<u>(48,941)</u>
Other Financing Receipts / (Disbursements):			
Advances In	-	300	300
Advances Out	(300)	-	(300)
	<u>(300)</u>	<u>300</u>	<u>0</u>
Total Other Financing Receipts / (Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	31,298	(80,239)	(48,941)
Fund Cash Balances, January 1	<u>34,220</u>	<u>74,231</u>	<u>108,451</u>
Fund Cash Balances, December 31	<u>\$65,518</u>	<u>(\$6,008)</u>	<u>\$59,510</u>
Reserve for Encumbrances, December 31	<u>\$980</u>	<u>\$83</u>	<u>\$1,063</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, 2009 AND 2008**

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 Norwest 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.

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:

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 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. 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.

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 2009 and 2008 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>2009</u>	<u>2008</u>
Demand deposits	\$35,794	\$16,008
Investment - STAR Ohio	<u>43,622</u>	<u>43,502</u>
Total deposits and investments	<u><u>\$79,416</u></u>	<u><u>\$59,510</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: 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, 2009 AND 2008**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,047	\$101,316	\$25,269
Special Revenue	257,649	259,462	1,813
Capital Projects	250,000	202,364	(47,636)
Total	\$583,696	\$563,142	(\$20,554)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$103,062	\$123,561	(\$20,499)
Special Revenue	295,917	238,444	57,473
Capital Projects	202,364	202,364	0
Total	\$601,343	\$564,369	\$36,974

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$56,552	\$211,726	\$155,174
Special Revenue	522,116	474,857	(47,259)
Total	\$578,668	\$686,583	\$107,915

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$230,211	\$181,108	\$49,103
Special Revenue	668,150	555,479	112,671
Total	\$898,361	\$736,587	\$161,774

Compliance: At December 31, 2009, the following Township funds had total expenditures plus encumbrances in excess of appropriations, which is in violation of Section 5705.41, Ohio Revised Code.

	Appropriations	Expenditures	Variance
General	\$103,062	\$123,561	(\$20,499)

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

Compliance: At December 31, 2009, the following Township funds had total appropriations in excess of estimated resources, which is in violation of Section 5705.39, Ohio Revised Code.

Fund	Estimated Resources	Appropriations	Variance
Road and Bridge	\$131,769	\$149,000	(\$17,231)
Fire Levy	22,357	28,517	(6,160)

Compliance: At December 31, 2008, the following Township funds had total expenditures plus encumbrances in excess of appropriations, which is in violation of Section 5705.41, Ohio Revised Code.

	Appropriations	Expenditures	Variance
Motor Vehicle License Tax	\$1,862	\$11,907	(\$10,045)

Compliance: At December 31, 2008, the following Township funds had total appropriations in excess of estimated resources, which is in violation of Section 5705.39, Ohio Revised Code.

Fund	Estimated Resources	Appropriations	Variance
General	\$89,792	\$230,211	(\$140,419)
Gasoline Tax	90,637	183,000	(92,363)
Road and Bridge	115,821	345,286	(229,465)
Ambulance	7,422	8,502	(1,080)
Fire Levy	57,317	86,000	(28,683)
Zoning	36	1,000	(964)
Permissive Motor Vehicle License Tax	430	10,000	(9,570)

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.

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, 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, 2009.

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, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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.

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, 2008 and 2007.

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities noted above include approximately \$12.1 million and \$12.5 million of estimated incurred claims payable. The assets and net assets above also include approximately \$10.9 million and \$11.6 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$10,720.

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>	
2009	\$11,190
2008	10,049
2007	10,921

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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.

7. DEBT

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes-Backhoe	\$23,164	3.50%

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, 2009 and 2008 and have issued our report thereon dated December 30, 2010 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and another deficiency we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2008-001 through 2008-004 and 2009-001 through 2009-004 described in the accompanying schedule of findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2008-005 described in the accompanying schedule of findings to be a significant deficiency.

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 not note certain noncompliance or other matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated December 30, 2010.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report 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



Poland, Ohio

December 30, 2010

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2008-001 and 2009-001

Material Weakness

The Township utilizes the Uniform Accounting Network (UAN), a computerized system of accounting. This system was developed by the Auditor of State's office, which when properly instituted will provide a good form of internal controls and safeguards for governmental accounting transactions.

The Uniform Accounting Network (UAN) Manual provides instructions for the Township's cash management of bank reconciliations which provide the ability to reconcile the primary checking account balance in the system with the monthly bank account statement. Additional applications in the manual also provide reconciling any other account(s) and investments that the Township may have.

The Township's financial records were not properly reconciled with the Township's depositories on a monthly basis during the years under audit, 2009 and 2008. Every month there were posting errors to the records of the Township, which also affected the accuracy of the Township's annual financial reports. Adjustments were required to be made to the financial statements and the records of the Township.

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

In order to present an accurate account of the financial operations of the Township, monthly bank reconciliations need to be performed. Any errors to the reconciliation should be corrected and/or disclosed as soon as possible. Monthly reconciliations should be performed by the Fiscal Officer and any unusual adjustments needed to reconcile should be presented to the Board of Trustees.

Official's Response:

The new fiscal officer will perform monthly reconciliations and any adjusting entries will be properly identified on the reconciliations. Any errors on the reconciliation will be corrected and/or disclosed as soon as identified. Reconciliations will be presented to the Board for their review and approval.

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2008-002 and 2009-002

Material Weakness

UAN is a financial management computer system that allows public officials to easily apply accounting standards to their financial record keeping. The network allows local officials to increase efficiency and accountability when managing public funds.

The Uniform Accounting Network (UAN) Manual provides instructions for the Township's accounting of cash transactions, including bank reconciliations, purchases, receipts, accounting adjustments, payroll, and purchase orders, and when properly utilized, will allow for the Fiscal Officer to enter information in the system that provides proper accounting and reporting of the Township's financial information.

The following weaknesses were noted in the course of the audit in regards to the accounting transactions of the Township:

- 1- Check amounts and numbers posted to the system, did not always correspond to the actual check numbers and amounts that cleared the bank.
- 2- Checks that were voided were posted in the system as valid checks during the audit period.
- 3- Checks that were posted in the system for varying amounts were not cashed or voided during the audit period.
- 4- There were numerous transactions that were not being posted in the month that they occurred.
- 5- Bank reconciliations contained "Other adjusting factors".
- 6- The fiscal officer made numerous "expenditure reallocations" in the UAN system to avoid running fund balances negative.

The cumulative effects of the various weaknesses noted are that the possibility exists that monies could be diverted from the Township without proper detection, accurate accounting records are not maintained, and the auditing function becomes tedious in accounting for these transactions. Adjustments were required to be made to the financial statements and the records of the Township.

In order for the Township to properly account for their financial information, the following should be implemented:

1. Monthly reconciliations should be approved and signed by a member of the Board of Trustees. All financial data should also be provided to the Board as a whole, and the Audit Committee, such as monthly appropriation and receipt ledger statements, investments and cash journal account information. As part of this review by the Board, any transactions such as voided checks, transfers between bank accounts, and any adjusting factors to the bank reconciliations should be identified and accounted for as being accurate and signed-off by the Board as a means of noting their approval.
2. In order to provide accurate financial information, receipts/deposits, and expenditures /withdrawals should all be accounted for in the month in which they occurred. When differences do occur, a proof of cash should be performed to determine that check numbers and their amounts agree to what is posted and as to what cleared the bank. Receipts should be traced to the date issued, the month they are posted to the Township records and to bank deposits as a means to identify if all the information is current and accurate. When an invoice is paid, it should be marked "paid" and the date listed. Due care in entering information should help eliminate the need to have any adjustments to the bank reconciliations that are out of the norm in performing said reconciliations.

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-002 and 2009-002 (continued)

Material Weakness

Official's Response:

The above recommendation will be implemented by the new fiscal officer.

FINDING NUMBER 2008-003 and 2009-003

Material Weakness

The Uniform Accounting Network Manual in the Appendix provides a Township Chart of Accounts which details the revenue and expenditure codes, name of the source information, and a brief description of the type of revenue or expenditure that relates to the code to be used for the accounting of those transactions.

Revenue and expenditure transactions were not always classified or recorded to the correct financial statement line items, based on the UAN descriptions and nature of the transactions for the years 2009 and 2008. Failure to accurately record revenues and expenditures to the proper line item could result in material misstatements to the financial statements.

The Township should use the UAN Accounting Manual and UAN crosswalk table of revenues and expenditures as a source, for proper recording of receipts and disbursements.

Official's Response:

The UAN chart of accounts is used, however postings error can occur. We will verify the type of transaction prior to posting to minimize the risk of errors.

FINDING NUMBER 2008-004 and 2009-004

Material Weakness

The Township has not implemented an effective monitoring control system which would assist management in detecting material misstatements in financial and other information. We noted that the following controls implemented by the Trustees were not effective due to only a cursory review of the documents:

- Monthly review of budget and actual activity including required submission of budgetary reports; which acceptance should be noted in the Minutes.
- Monthly review of unusual or significant items on the bank-to-book reconciliations, such as long outstanding checks or deposits;
- Monthly financial reports presented by the Fiscal Officer at monthly Board meetings, which acceptance should be noted in the Minutes.

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2008-004 and 2009-004 (continued)

Monitoring controls comprise regular management and supervisory activities established to oversee whether management's objectives are being achieved, covering operational, legal compliance, and financial control objectives. Effective monitoring controls should identify unexpected results or exceptions (including significant compliance exceptions), investigate underlying causes, and take corrective action. Monitoring controls should assist management in detecting material misstatements in the financial or other information presented.

The Township should develop and implement a monitoring control system to determine that material misstatements or misappropriations of assets do not occur. To assist management with the above reviews and the acceptance of same, UAN provides a "Signature Page" which lists the reports that the Fiscal Officer has presented to the Board at the regular monthly Trustee's meeting and provides spaces for the Trustee's signature for acceptance of the reports.

Official's Response:

The new fiscal officer will utilize the Signature Page for guidance on reports to be submitted and reviewed by the Board and initial the same.

Finding #2008-005

Significant Deficiency

During 2008, the Township double paid an invoice to Concord Road Equipment in the amount of \$98.39. The original invoice was not voided after payment and as a result, the fiscal officer paid the invoice twice. We contacted Concord Road Equipment and verified that they did return the second payment. However, the returned check was not properly voided when returned, and was still listed on the Township's outstanding checklist at the end of the year.

All invoices should be voided upon payment to avoid double payment.

Management response:

The new fiscal officer will properly void all invoices upon payment.

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEARS ENDED DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2007-001	Lack of bank monthly reconciliations.	No	Not corrected: Repeated as Finding 2008-001 and 2009-001.
2007-002 and 2007-003	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.	No	Not Corrected: Repeated as Findings 2008-002, 2009-002, 2008-003 and 2009-003
2007-004	Monitoring control system	No	Partially Corrected: Trustees perform a cursory review of bank reconciliations, not a detailed review. Monthly review of budget and activity is noted in minutes as well as presentation of financial reports noted in minutes. Repeated as Finding 2008-004 and 2009-004.
2007-005	ORC 5705.41(B), Expenditures in excess of appropriations	No	Not Corrected: Reported in Management Letter under SAS 115



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
FEBRUARY 10, 2011**