



**Auditor of State
Betty Montgomery**

TRUMBULL TOWNSHIP
ASHTABULA COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANT'S REPORT

Trumbull Township
Ashtabula County
2730 Mechansville Rd.
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, 2003 and December 31, 2002. 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. The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 reserves for encumbrances of the Township as of December 31, 2003 and 2002, 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 20, 2005 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.

Trumbull Township
Ashtabula County
Independent Accountant's Report
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This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

January 20, 2005

**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, 2003**

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$45,122	\$180,703	\$225,825
Intergovernmental	17,877	94,715	112,592
Licenses, Permits, and Fees		2,990	2,990
Earnings on Investments	833	271	1,104
Other Revenue	60	1,060	1,120
	<u>63,892</u>	<u>279,739</u>	<u>343,631</u>
Total Cash Receipts			
	<u>63,892</u>	<u>279,739</u>	<u>343,631</u>
Cash Disbursements:			
Current:			
General Government	65,028	4,403	69,431
Public Safety	794	135,867	136,661
Public Works	11,916	168,262	180,178
Health		3,342	3,342
Capital Outlay	3,644	13,677	17,321
	<u>81,382</u>	<u>325,551</u>	<u>406,933</u>
Total Cash Disbursements			
	<u>81,382</u>	<u>325,551</u>	<u>406,933</u>
Total Receipts Over/(Under) Disbursements	<u>(17,490)</u>	<u>(45,812)</u>	<u>(63,302)</u>
Other Financing Receipts and (Disbursements):			
Transfers-In		1,400	1,400
Advances-In		100	100
Transfers-Out	(1,400)		(1,400)
Advances-Out	(100)		(100)
Other Sources	8,190		8,190
Other Uses		(4,204)	(4,204)
	<u>6,690</u>	<u>(2,704)</u>	<u>3,986</u>
Total Other Financing Receipts/(Disbursements)			
	<u>6,690</u>	<u>(2,704)</u>	<u>3,986</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(10,800)</u>	<u>(48,516)</u>	<u>(59,316)</u>
Fund Cash Balances, January 1	<u>46,872</u>	<u>176,439</u>	<u>223,311</u>
Fund Cash Balances, December 31	<u>\$36,072</u>	<u>\$127,923</u>	<u>\$163,995</u>
Reserve for Encumbrances, December 31	<u>\$753</u>	<u>\$1,025</u>	<u>\$1,778</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, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$37,191	\$166,764	\$203,955
Intergovernmental	16,245	85,607	101,852
Licenses, Permits, and Fees		2,690	2,690
Earnings on Investments	2,584	228	2,812
Other Revenue	316	5,553	5,869
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	56,336	260,842	317,178
Cash Disbursements:			
Current:			
General Government	64,117	7,403	71,520
Public Safety	800	68,176	68,976
Public Works		133,760	133,760
Health	12,078	2,848	14,926
Capital Outlay		16,303	16,303
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	76,995	228,490	305,485
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	(20,659)	32,352	11,693
Other Financing Receipts and (Disbursements):			
Transfers-In		1,500	1,500
Transfers-Out	(1,500)		(1,500)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(1,500)	1,500	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	(22,159)	33,852	11,693
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	69,031	142,587	211,618
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>
	\$46,872	\$176,439	\$223,311
Reserve for Encumbrances, December 31	<hr/>	<hr/>	<hr/>
	\$1,583	\$5,751	\$7,334

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

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

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 Trumbull Volunteer Fire Department to provide fire and emergency 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 Township maintained a general checking and STAR Ohio accounts. 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:

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, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds (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.

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

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

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.

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 2003 and 2002 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.

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.

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

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:

	2003	2002
Demand deposits	\$127,209	\$172,001
Investments:		
STAR Ohio	36,786	51,310
Total deposits and Investments	\$163,995	\$223,311

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) 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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$63,100	\$72,082	\$8,982
Special Revenue	351,768	281,139	(70,629)
Total	\$414,868	\$353,221	(\$61,647)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$113,629	\$83,535	\$30,094
Special Revenue	431,231	330,780	100,451
Total	\$544,860	\$414,315	\$130,545

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$63,980	\$56,336	(\$7,644)
Special Revenue	245,932	262,342	16,410
Total	\$309,912	\$318,678	\$8,766

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$136,142	\$80,078	\$56,064
Special Revenue	374,205	234,241	139,964
Total	\$510,347	\$314,319	\$196,028

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

5. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage 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 Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding

\$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Townships 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.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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 township.

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. RISK MANAGEMENT (continued)

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, 2003 and 2002.

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	(11,791,300)	(9,197,512)
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$6,791,060	\$6,596,996
Liabilities	(750,956)	(1,204,326)
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

7. LEGAL COMPLIANCE

The Township was in violation of Ohio Revised Code § 9.38 which requires monies received by the Township to be deposited within twenty four hours of collection if the amount exceeds one thousand dollars, or establish a policy that permits a three day grace period for depositing said monies if the amount is below one thousand dollars. The Township did not establish a policy permitting the extended time frame for depositing monies that were less than one thousand dollars and also was not in compliance with regards to depositing within 24 hours revenue in excess of one thousand dollars.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Trumbull Township
Ashtabula County
2730 Mechansville Rd.
Rock Creek, Ohio 44084

To the Board of Trustees:

We have audited the financial statements of Trumbull Township, Ashtabula County, (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated January 20, 2005 wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 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 one instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-004. We also noted certain other instances of noncompliance that we have reported to management of the Township in a separate letter dated January 20, 2005.

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 operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation 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 management's assertions in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 2003-001, 2003-002 and 2003-003.

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. 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. We considered items 2003-001, 2003-002 and 2003-003 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 management of the Township in a separate letter dated January 20, 2005.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

January 20, 2005

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-001

Material Weakness

The Township's financial records were not properly reconciled with the Township's depositories on a monthly basis during the years under audit, 2002 and 2003. Every month there were posting errors to the records of the Township, which also affected the accuracy of the Township's annual financial reports.

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 Clerk and any unusual adjustments needed to reconcile should be presented to the Board of Trustees.

FINDING NUMBER 2003-002

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

- 1- Checks were manually written off the system approximately 25 times during the audit period.
- 2- Check amounts and numbers posted to the system, did not always correspond to the actual check numbers and amounts that cleared the bank in ten instances.
- 3- Invoices were paid twice in approximately ten instances.
- 4- Checks that were voided were posted in the system as a valid check approximately 8 times during the audit period.
- 5- There were approximately sixteen transactions that were not being posted in the month that they occurred.
- 6- Bank reconciliations contained "Other adjusting factors".

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.

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

- 1- In that the Township is on a computerized network, all checks should be entered and posted via the computer. If an emergency exists whereby a check has to be written manually, said check should be accounted for on the system as soon as possible and the reason for the check having to be done this way noted in the Minutes.

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-002 (Continued)

- 2- 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.
- 3- 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. Tracing receipts to the date issued, the month posted to the Township records and to bank deposits should 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.

FINDING NUMBER 2003-003

Material Weakness

Monies were transferred from the Primary Checking Account to Star Ohio and vice versa in 2002 and 2003. Some transactions were not reflected in the month that they actually occurred or the transfers never occurred, but were reflected in the Cash Journal or the Investment Journal as if they did. Also, transfers that did occur were not properly posted in the journals of the Township. As an example, the Township posted a transfer of \$15,000 from Star Ohio to the General Checking account and recorded it on the cash journal in February of 2003, but the actual transaction did not occur until the end of May 2003. Another example, the cash journal reflected a \$5,000 transfer from Star Ohio to the General Checking account in 2003, but said transfer never occurred. In addition, transfers between bank accounts were not approved by the Trustees in the Minutes.

These weaknesses caused the financial statements and the reconciliations of the Township to be inaccurate and resulted in fund balance adjustments.

All transfers between accounts maintained by the Township should be approved by the Board of Trustees, and noted as such in the Minutes. The transfers should be posted in the month the transaction actually occurred. When posting a transfer between the checking account and the investment account, both a receipt and a disbursement transaction should be reflected as a memo entry.

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-004

Noncompliance Citation

Ohio Revised Code §9.38 requires in part that a person who is a public official other than a state officer, employee, or agent shall deposit all public moneys received by that person with the treasurer of public office or properly designated depository on the business day next following the day of receipt, if the total amount of moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited. If the public office of which the person is a public official is governed by a legislative authority, only the legislative authority may adopt such a policy.

We noted approximately 10 instances in 2003 and 14 in 2002 that Township monies were not being deposited in a timely manner. Further, no policy permitting a different time period had been adopted.

This situation leads to a loss of interest revenue on moneys not deposited into the designated depository account within the time frame governed by the aforementioned provision and also does not provide a proper safeguard of monies collected or due the Township.

We recommend that Township Clerk deposit public moneys in accordance with Section 9.38 of the Ohio Revised Code.

**TRUMBULL TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEARS ENDED DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-31104-001 2001-31104-002 2001-31104-003	Lack of bank monthly reconciliations. 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 Clerk's signature not always on warrant. Posting of Homestead and Rollback Tax receipts only to the General Fund	No No Yes	Not corrected: Repeated as Finding 2003-001. Not Corrected: Repeated as Finding 2003-002



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TRUMBULL TOWNSHIP

ASHTABULA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 1, 2005**