



**TRURO TOWNSHIP
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2009-2008



Mary Taylor, CPA
Auditor of State

TRURO TOWNSHIP
FRANKLIN COUNTY

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Mary Taylor, CPA
Auditor of State

Truro Township
Franklin County
6900 East Main Street
Reynoldsburg, OH 43068

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Township 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 10, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Truro Township
Franklin County
6900 East Main Street
Reynoldsburg, OH 43068

To the Board of Trustees:

We have audited the accompanying financial statements of Truro Township, Franklin County, Ohio (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 requires 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 Townships 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 for the years then ended.

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 Truro Township, Franklin 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 March 10, 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.

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

Mary Taylor, CPA
Auditor of State

March 10, 2010

TRURO TOWNSHIP
FRANKLIN 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**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts:						
Property and Other Local Taxes	\$ 120,494	\$ 5,007,517	\$ -	\$ -	\$ -	\$ 5,128,011
Charges for Services	-	645,914	-	-	-	645,914
Licenses, Permits, and Fees	-	12,826	-	-	-	12,826
Intergovernmental	77,560	692,806	-	-	-	770,366
Earnings on Investments	8,798	148	-	-	2,033	10,979
Miscellaneous	3,036	41,622	-	-	-	44,658
Total Cash Receipts	209,888	6,400,833	-	-	2,033	6,612,754
Cash Disbursements:						
Current:						
General Government	274,295	-	-	-	-	274,295
Public Safety	-	6,219,435	-	-	1,330	6,220,765
Debt Service:						
Redemption of Principal	-	67,000	-	-	-	67,000
Interest and Other Fiscal Charges	-	133,948	-	-	-	133,948
Total Cash Disbursements	274,295	6,420,383	-	-	1,330	6,696,008
Total Receipts Over/(Under) Disbursements	(64,407)	(19,550)	-	-	703	(83,254)
Other Financing Receipts / (Disbursements):						
Transfers-In	-	-	-	865	-	865
Transfers-Out	-	(865)	-	-	-	(865)
Total Other Financing Receipts / (Disbursements)	-	(865)	-	865	-	-
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(64,407)	(20,415)	-	865	703	(83,254)
Fund Cash Balances, January 1	637,053	3,045,020	213,478	(865)	67,246	3,961,932
Fund Cash Balances, December 31	\$ 572,646	\$ 3,024,605	\$ 213,478	\$ -	\$ 67,949	\$ 3,878,678
Reserve for Encumbrances, December 31	\$ 171	\$ 684	\$ -	\$ -	\$ -	\$ 855

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
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:						
Property and Other Local Taxes	\$ 118,002	\$ 4,932,991	\$ -	\$ -	\$ -	\$ 5,050,993
Charges for Services	-	446,118	-	-	-	446,118
Licenses, Permits, and Fees	-	7,702	-	-	-	7,702
Intergovernmental	80,747	705,972	-	-	-	786,719
Earnings on Investments	105,811	9,111	-	-	430	115,352
Miscellaneous	5,296	19,774	-	-	-	25,070
Total Cash Receipts	309,856	6,121,668	-	-	430	6,431,954
Cash Disbursements:						
Current:						
General Government	306,849	-	-	-	-	306,849
Public Safety	-	6,031,866	-	-	2,914	6,034,780
Debt Service:						
Redemption of Principal	-	65,000	-	-	-	65,000
Interest and Other Fiscal Charges	-	135,995	-	-	-	135,995
Total Cash Disbursements	306,849	6,232,861	-	-	2,914	6,542,624
Total Receipts Over/(Under) Disbursements	3,007	(111,193)	-	-	(2,484)	(110,670)
Fund Cash Balances, January 1	634,046	3,156,213	213,478	(865)	69,730	4,072,602
Fund Cash Balances, December 31	\$ 637,053	\$ 3,045,020	\$ 213,478	\$ (865)	\$ 67,246	\$ 3,961,932
Reserve for Encumbrances, December 31	\$ -	\$ 33,593	\$ -	\$ -	\$ -	\$ 33,593

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

**TRURO TOWNSHIP
FRANKLIN 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 Truro Township, Franklin County, Ohio (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, 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 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.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

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

**TRURO TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund

This fund accounts for proceeds from specific sources (other than trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

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

3. Debt Service Fund

This fund accounts for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

Bond Retirement Fund: This fund was used to receive monies to pay on the lease purchase agreement to construct a new fire house.

4. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant Capital Project Fund:

Public Works Commission Project Fund – This fund was used to receive and expend monies for capital projects.

5. Permanent Fund

This fund is used to account for resources restricted by legally binding trust agreements. The Township had the following significant Permanent Fund:

Silent Home Cemetery Bequest Fund – Interest earnings from this bequest are used for the maintenance and beautification of the Township's cemetery.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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.

**TRURO TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

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 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

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

	2009	2008
Demand deposits	\$3,813,678	\$3,896,932
Certificate of deposit	65,000	65,000
Total deposits	\$3,878,678	\$3,961,932

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Township, or collateralized by the financial institution's public entity deposit pool. Of the bank balance of \$3,955,419 for 2009 and \$3,865,877 for 2008, \$823,798 and \$708,619 were covered by FDIC insurance.

**TRURO TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008
(Continued)**

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	202,855	209,888	7,033
Special Revenue	7,171,120	6,400,833	(770,287)
Debt Service	-	-	-
Capital Projects	-	865	865
Permanent	1,380	2,033	653
Total	7,375,355	6,613,619	(761,736)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$441,580	\$274,466	\$167,114
Special Revenue	10,015,270	6,421,932	3,593,338
Debt Service	0	0	0
Capital Projects	0	0	0
Permanent	2,500	1,330	1,170
Total	\$10,459,350	\$6,697,728	\$3,761,622

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$382,715	\$309,856	(\$72,859)
Special Revenue	6,368,714	6,121,668	(247,046)
Debt Service	114,731	0	(114,731)
Capital Projects	303,207	0	(303,207)
Permanent	2,400	430	(1,970)
Total	\$7,171,767	\$6,431,954	(\$739,813)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$416,294	\$306,849	\$109,445
Special Revenue	7,215,671	6,266,454	949,217
Debt Service	202,246	0	202,246
Capital Projects	0	0	0
Permanent	3,250	2,914	336
Total	\$7,837,461	\$6,576,217	\$1,261,244

**TRURO TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008
(Continued)**

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30. Tangible personal property tax is being phased out – the assessment percentage for all property including inventory will be reduced to zero for 2009.

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

5. Lease Purchase Agreement

The Board of Trustees declared its intent to construct and equip a new fire house for the Township. Ohio Revised Code 505.267 (and expanded 505.37) allows townships to enter into lease purchase agreements with respect to fire and police protection. To fund the fire house construction, the Township went through Ohio Township Association Leasing, LLC (OTAL). OTAL issued \$3,345,000 in Certificates of Participation in May 2005. The Certificates are not debt of the Township. Under the terms of the lease, the Township will lease the project from OTAL for an annual payment equal to the principal payment due on OTAL's Certificates debt schedule. The Township will also make semi-annual payments equal to the interest payments on OTAL's Certificates debt schedule. The payments are subject to annual appropriation by the Township. The debt schedule is for 30 years ending on December 31, 2035. At the conclusion of the 30 year Renewable Lease Purchase Agreement, the Township obtains ownership of the fire house, the grounds, and any facility equipment.

The lease payments, including interest, are scheduled as follows:

**TRURO TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008
(Continued)**

5. Lease Purchase Agreement (Continued)

	Principal due on 12-1	Interest due on 6-1	Yearly Total
2010	\$70,000	\$131,839	\$201,839
2011	72,000	129,492	\$201,492
2012	74,000	127,080	\$201,080
2013	77,000	124,490	\$201,490
2014	80,000	121,795	\$201,795
2015 – 2019	447,000	560,367	\$1,007,367
2020-2024	548,000	459,849	\$1,007,849
2025-2029	680,000	328,151	\$1,008,151
2030-2034	846,000	160,875	\$1,006,875
2035	193,000	8,685	\$201,685
Total	<u>\$3,087,000</u>	<u>\$2,152,623</u>	<u>\$5,239,623</u>

6. Retirement Systems

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008 the Township contributed the employee and employer contributions of 10 and 24 percent of the fire fighters gross wages to OP&F. OPERS members, elected officials and part time employees, contributed 10 percent of gross wages for 2008 and 10 percent for 2009. The Township contributed this for full time employees and also 14 percent for 2008 and 14 percent for 2009 of gross salaries for all. The Township has paid all contributions required through December 31, 2009.

7. 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.

Risk Pool Membership

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

**TRURO TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008
(Continued)**

7. Risk Management (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retain 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008. The Township does not participate in this coverage.

In August, 2007, OGRMP formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members.

These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 40 members as of December 31, 2008. The Government does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Contributions to The Ohio Plan Risk Management were \$28,210.00 for 2008 and \$27997.00 for 2009.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2008 and 2007 (the latest information available), and include amounts for both OPRM and OPHC:

	2008	2007
Assets	\$10,471,114	\$11,136,455
Liabilities	(5,286,781)	(4,273,553)
Members’ Equity	\$5,184,333	\$6,862,902

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan’s website, www.ohioplan.org.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Truro Township
Franklin County
6900 East Main Street
Reynoldsburg, OH 43068

To the Board of Trustees:

We have audited the financial statements of Truro Township, Franklin County, Ohio (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated March 10, 2010, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined 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.

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 2009-001 through 2009-003 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated March 10, 2010.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 10, 2010

**TRURO TOWNSHIP
FRANKLIN COUNTY**

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

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

FINDING NUMBER 2009-001

Interest Allocation – Material Weakness, Non-compliance

Ohio Rev. Code Section 135.21 generally requires investment earnings, except as provided in section 135.351 of the Revised Code and by resolution adopted pursuant to section 3315.01 or 3375.391 of the Revised Code, to be credited to the general fund of the township to which the principal sum thereof belongs.

The Township understated interest in 2008 and overstated interest in 2009 in total, while the allocation of interest among funds was also incorrect, which resulted in numerous audit adjustments. In 2008, the audit adjustments totaled \$26,145 in the General Fund, \$46 in the MVL Fund, \$302 in the Gas Fund, \$570 in the Permissive MVL Fund, \$1,607 in the Permanent Fund, and \$5,502 in the Fire Fund. In 2009, the audit adjustments totaled \$3,050 in the General Fund, \$10 in the MVL Fund, \$56 in the Gas Fund, \$22 in the Permissive MVL Fund, and \$288 in the Permanent Fund.

We recommend the Township ensure procedures are instituted to allocate the proportionate share of interest earned to the funds for which interest should be allocated in accordance with the Ohio Revised Code statutes and lease purchase covenants on a monthly basis.

The Township's financial statements and accounting records have been adjusted to properly post the interest receipts to the funds as indicated above (See Finding 2009-003).

FINDING NUMBER 2009-002

Cash Reconciliations – Material Weakness

A bank to book reconciliation should be performed monthly and reconciling items should be identified and adjusted at the time the reconciling item or error is discovered. Reconciliations should include all bank accounts and book balances.

The Township was unreconciled from October 2008 through November 2009, with each month's unreconciled variance being identified as a miscellaneous reconciling item. There was no indication that these compositions of these variances were properly investigated or identified, nor were the amounts of the variances consistent from period to period. Variances ranged from \$2,000 to \$179,000. Additionally, investments were not included on the Township's reconciliations. Consulting services identified adjustments of a total net decrease of book balances of \$22,974, with an absolute value of adjustments of \$461,230 and \$550,019 for 2009 and 2008 respectively, for unrecorded interest, double-posted EMS receipts, and other miscellaneous receipt and expenditure mispostings (See Finding 2009-003) which were required to be posted to the Township's ledgers to enable the Township to reconcile its bank to book reconciliation as of November 30, 2009 and December 31, 2009.

Failure to reconcile bank to book balances and include all bank accounts may result in errors or irregularities undetected by management and misguided decisions made by the Board based on inaccurate financial reports provided them.

**TRURO TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2009-002 (Continued)

Cash Reconciliations – Material Weakness (Continued)

We recommend the Township reconcile all bank accounts to the books on a timely basis. In this process all reconciling items or errors should be identified and included on the face of the reconciliation. All unreconciled balances should be researched in order to find the known source of the error. All errors should be corrected on the Township's ledgers following the completion of the reconciliation.

FINDING NUMBER 2009-003

Financial Reporting – Material Weakness

Sound financial reporting is the responsibility of the Township's Clerk and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following posting errors were noted during the review of the December 31, 2008 and 2009 year-end financial accounting system reports and were adjusted on the financial statements:

- The General Fund had understated revenue of \$24,693 in 2008 and overstated revenues of \$3,051 and overstated expenditures of \$594 in 2009.
- Special Revenue Funds had understated revenue of \$136,034 and understated expenditures of \$193,842 in 2008 and overstated revenues of \$179,349 and misclassified expenditures of \$200,948 in 2009.
- Debt Service Funds had overstated expenditures of \$193,842 in 2008.
- The Permanent Fund had overstated revenue of \$1,607 in 2008 and overstated revenue of \$288 in 2009.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Township continue to develop and enhance policies and procedures to further enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the Township and thereby increases the reliability of the financial data throughout the year.

We did not receive a response from Officials to the findings reported above.

**TRURO TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
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	ORC 5705.10(F) – Sale of Asset	Yes	
2007-002	ORC 5705.39 – Appropriations Exceeding Estimated Resources	Yes	
2007-003	Township Owned Cell Phones	Yes	
2007-004	Cash Reconciliations	No	Not Corrected; reissued as Finding 2009-002
2007-005	Financial Reporting	No	Not Corrected; reissued as Finding 2009-003
2007-006	ORC 5705.41(D) - Encumbrances	Yes	



Mary Taylor, CPA
Auditor of State

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
JUNE 1, 2010**