



Dave Yost • Auditor of State

TRUMBULL TOWNSHIP
ASHTABULA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Trumbull Township
Ashtabula County
2443 State Route 534
Geneva, Ohio 44041

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Trumbull Township, Ashtabula County, Ohio (the Township) as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Trumbull Township, Ashtabula County as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

August 7, 2018

Trumbull Township
Ashtabula County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$60,828	\$149,197	\$0	\$210,025
Licenses, Permits and Fees	1,151	2,626		3,777
Intergovernmental	22,045	162,020		184,065
Earnings on Investments	7	1		8
Miscellaneous	42,074	3,583		45,657
<i>Total Cash Receipts</i>	<u>126,105</u>	<u>317,427</u>	<u>0</u>	<u>443,532</u>
Cash Disbursements				
Current:				
General Government	53,330	65,820		119,150
Public Safety		38,703		38,703
Public Works		173,023		173,023
Health	21,623	3,232		24,855
Debt Service:				
Principal Retirement		2,803	48,984	51,787
Interest and Fiscal Charges			4,153	4,153
<i>Total Cash Disbursements</i>	<u>74,953</u>	<u>283,581</u>	<u>53,137</u>	<u>411,671</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>51,152</u>	<u>33,846</u>	<u>(53,137)</u>	<u>31,861</u>
Other Financing Receipts (Disbursements)				
Transfers In		9,100	53,137	62,237
Transfers Out	(23,791)	(38,446)		(62,237)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(23,791)</u>	<u>(29,346)</u>	<u>53,137</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	27,361	4,500	0	31,861
<i>Fund Cash Balances, January 1</i>	<u>8,911</u>	<u>33,744</u>	<u>0</u>	<u>42,655</u>
Fund Cash Balances, December 31				
Restricted		38,244		38,244
Assigned	3,896			3,896
Unassigned (Deficit)	32,376			32,376
<i>Fund Cash Balances, December 31</i>	<u>\$36,272</u>	<u>\$38,244</u>	<u>\$0</u>	<u>\$74,516</u>

See accompanying notes to the basic financial statements

TRUMBULL TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of 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 operates a volunteer fire department known as Trumbull Township Fire and Rescue to provide fire services and is also a member of the Northwest Ambulance District to provide ambulance services to its residents.

Public Entity Risk Pool and Jointly Governed Organization

The Township participates in the Ohio Township Association Risk Management Authority public entity risk pool providing property and casualty coverage for its members'. Notes 6 and 10 to the financial statements provides additional information for this entity. These organizations are:

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township is a member of the Northwest Ambulance District to provide ambulance services to its residents.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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.

TRUMBULL TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Gas Tax Fund - This fund receives that portion of the State gasoline tax restricted for constructing, maintaining and repair of roads within the Township.

Motor Vehicle License Tax Fund - This fund receives that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Miscellaneous Special Revenue Fund – The Township received a grant from The Ohio Department of Commerce – Division of State Fire Marshal for making upgrades to equipment for the Volunteer Fire Department

Debt Service Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

General Obligation Bond & Note Retirement Fund – The Township receipts property taxes into this fund to pay for the Township’s general obligation debit.

Capital Project Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

Issue II Fund – Ohio Public Works Commission Fund - The Township received a grant from the state for capital improvements. The proceeds are restricted for capital improvement.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

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 approve estimated resources

TRUMBULL TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Encumbrances - The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of 2018 budgetary activity appears in Note 3.

Deposits 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 values U.S. Treasury Notes and common stock at cost. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. Money market mutual funds are recorded at share values the mutual funds report. The Township maintained a general checking account, and STAR Ohio account.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable - The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed - Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

TRUMBULL TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$119,785	\$126,015	\$6,230
Special Revenue	319,175	326,527	7,352
Debt Service	57,823	53,137	(4,686)
Total	\$496,783	\$505,679	\$8,896

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$128,304	\$98,744	\$29,560
Special Revenue	353,013	322,027	30,986
Debt Service	57,823	53,137	4,686
Total	\$539,140	\$473,908	\$65,232

Note 4 – Deposits and Investments

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

	2017
Demand deposits	\$73,878
STAR Ohio Investment	638
Total deposits and investments	\$74,516

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

The financial institution is in the process of joining OPCS; however, at December 31, 2017, the financial institution still maintained its own collateral pool.

TRUMBULL TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Property Taxes

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.

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

Note 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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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 and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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 government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017.

TRUMBULL TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

	2017
Assets	\$40,010,732
Liabilities	(8,675,465)
Net Position	\$31,335,267

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$7,000.

Based on discussions with OTARMA, the expected rates OTARMA charges 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 annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

2017 Contributions to OTARMA
\$15,134

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future 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 the withdrawal.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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 2017 OPERS members contributed 10% of their gross salaries. The Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

The current Fiscal Officer opted out of OPERS and contributed to the Social Security system for the year ending December 31, 2017. The current Fiscal Officer, Zoning Commission & Board of Zoning Appeals contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

TRUMBULL TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8 – Debt

The Township took out loans from OPWC for State Road repairs in the amounts of \$100,000 and \$392,100 respectively, payable in semi-annual payments over a term of 20 years with a 0% interest rate. The first payment of \$2,500 was made in June of 2011 on the \$100,000 loan and the first payment on the \$392,100 loan was made in June of 2012.

The Township took out a loan for the purchase of a John Deere Cab Tractor & Dexter Boom Mower in the amounts of \$85,000 payable in annual payments over a 5-year term with a 3.25% interest rate. The first payment of \$18,527 was made in October of 2013 and is due each October. The final invoiced payment of \$16,644 was made on October 3, 2017 with a savings of \$1,883.

The Township entered into a Mortgage Note for two real properties in the amount of \$125,000, payable on the first of each month beginning with February of 2016, for a term of 10 years with a 3.25% interest rate payable from the General Fund. An interest payment of \$192 was made in December of 2015 covering the period of December 16, 2015 thru January 1, 2016. The first payment of \$1,224 was made in January of 2016.

The Township's taxing authority collateralized all debt.

Debt outstanding at December 31, 2017, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan CG17N, State Rd. Issue 2	\$67,500	0%
OPWC Loan #CG62M, State Rd Issue 2	\$284,273	0%
Geauga Saving Bank Mortgage Note	104,121	3.25
Total	<u>\$455,894</u>	

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	<u>OPWC</u>	<u>Mortgage Note</u>
2018	\$24,605	\$14,688
2019	24,605	14,688
2020	24,605	14,688
2021	24,605	14,688
2022	24,605	14,688
2023-2027	123,025	44,064
2028-2032	105,723	
Total	<u>\$351,773</u>	<u>\$117,504</u>

TRUMBULL TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 – Contingent Liabilities

Township is a 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.

Note 10 – Jointly Governed Organization

The Township is a member of the Northwest Ambulance District to provide ambulance services to its residents.

The constitution and laws of the State of Ohio establish the rights and privileges of the Northwest Ambulance District, Ashtabula County, (the District) as a body corporate and politic. Five Board Members govern the District. Each Political subdivision within the District appoints one member. Those subdivisions are Geneva Township, Harpersfield Township, Austinburg Township, Trumbull Township and the City of Geneva.

Financial information can be obtained by contacting Vincent Gildone, Administrator at 41480 South Broadway, Geneva, Ohio, 44041.

Trumbull Township
Ashtabula County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$61,276	\$140,533			\$201,809
Licenses, Permits and Fees	674	2,299			2,973
Intergovernmental	22,159	140,050		94,005	256,214
Earnings on Investments	3	1			4
Miscellaneous	1,753	3,359			5,112
<i>Total Cash Receipts</i>	<u>85,865</u>	<u>286,242</u>	<u>0</u>	<u>94,005</u>	<u>466,112</u>
Cash Disbursements					
Current:					
General Government	45,731	61,591			107,322
Public Safety	1,000	20,059			21,059
Public Works		121,546			121,546
Health	21,573	2,588			24,161
Capital Outlay		41,895		94,005	135,900
Debt Service:					
Principal Retirement	9,820		41,981		51,801
Interest and Fiscal Charges	3,645		1,151		4,796
<i>Total Cash Disbursements</i>	<u>81,769</u>	<u>247,679</u>	<u>43,132</u>	<u>94,005</u>	<u>466,585</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,096</u>	<u>38,563</u>	<u>(43,132)</u>	<u>0</u>	<u>(473)</u>
Other Financing Receipts (Disbursements)					
Transfers In			43,132		43,132
Transfers Out		(43,132)			(43,132)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>(43,132)</u>	<u>43,132</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	4,096	(4,569)	0	0	(473)
<i>Fund Cash Balances, January 1</i>	<u>4,815</u>	<u>38,313</u>			<u>43,128</u>
Fund Cash Balances, December 31					
Restricted		33,744			33,744
Assigned	371				371
Unassigned (Deficit)	8,540				8,540
<i>Fund Cash Balances, December 31</i>	<u>\$8,911</u>	<u>\$33,744</u>	<u>\$0</u>	<u>\$0</u>	<u>\$42,655</u>

See accompanying notes to the basic financial statements

TRUMBULL TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

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The Township operates a volunteer fire department known as Trumbull Township Fire and Rescue to provide fire services and is also a member of the Northwest Ambulance District to provide ambulance services to its residents.

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The Township participates in the Ohio Township Association Risk Management Authority public entity risk pool providing property and casualty coverage for its members'. Notes 6 and 10 to the financial statements provides additional information for this entity. These organizations are:

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Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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TRUMBULL TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016

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Capital Project Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

Issue II Fund – Ohio Public Works Commission Fund - The Township received a grant from the state for capital improvements. The proceeds are restricted for capital improvement.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

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 approve estimated resources.

TRUMBULL TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016

Encumbrances - The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of 2016 budgetary activity appears in Note 3.

Deposits 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 values U.S. Treasury Notes and common stock at cost. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. Money market mutual funds are recorded at share values the mutual funds report. The Township maintained a general checking account, and STAR Ohio account.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable - The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

Restricted - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed - Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

TRUMBULL TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$80,927	\$85,865	\$4,938
Special Revenue	272,798	286,242	13,444
Debt Service	43,132	43,132	0
Capital Projects	99,000	94,005	(4,995)
Total	\$495,857	\$509,244	\$13,387

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$85,170	\$81,769	\$3,401
Special Revenue	311,186	290,811	20,375
Debt Service	43,132	43,132	0
Capital Projects	99,000	94,005	4,995
Total	\$538,488	\$509,717	\$28,771

Note 4 – Deposits and Investments

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

	2016
Demand deposits	\$42,024
STAR Ohio - Investmnet	631
Total deposits and investments	\$42,655

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

TRUMBULL TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Property Taxes

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.

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

Note 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.

Public Entity Risk Pool

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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 and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2016, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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 government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2016.

TRUMBULL TOWNSHIP
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Notes to the Financial Statements
For the Year Ended December 31, 2016

	<u>2016</u>
Assets	\$38,473,283
Liabilities	8,244,140
Net Position	\$30,229,143

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$7,000

Based on discussions with OTARMA, the expected rates OTARMA charges 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 annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>2016</u>
\$15,023

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future 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 the withdrawal.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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 2016 OPERS members contributed 10% of their gross salaries. The Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

The current Fiscal Officer opted out of OPERS and contributed to the Social Security system for the year ending December 31, 2016. The current Fiscal Officer, Zoning Commission & Board of Zoning Appeals contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

TRUMBULL TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 8 – Debt

The Township took out loans from OPWC for State Road repairs in the amounts of \$100,000 and \$392,100 respectively, payable in semi-annual payments over a term of 20 years with a 0% interest rate. The first payment of \$2,500 was made in June of 2011 on the \$100,000 loan and the first payment on the \$392,100 loan was made in June of 2012.

The Township took out a loan for the purchase of a John Deere Cab Tractor & Dexter Boom Mower in the amounts of \$85,000 payable in annual payments over a 5 year term with a 3.25% interest rate. The first payment of \$18,527 was made in October of 2013 and is due each October.

The Township entered into a Mortgage Note for two real properties in the amount of \$125,000, payable on the first of each month beginning with February of 2016, for a term of 10 years with a 3.25% interest rate payable from the General Fund. An interest payment of \$191 was made in December of 2015 covering the period of December 16, 2015 thru January 1, 2016. The first payment of \$1,224 was made in January of 2016.

The Township's taxing authority collateralized all debt.

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Opwc Loan #CG17N, State Road	\$70,000	0%
Opwc Loan #CG62M, State Road	303,878	0%
Andover Bank Cab & Boom Mower loan	17,944	3.25%
Geauga Saving Bank Mortgage Note	115,180	3.25%
Total	<u>\$507,002</u>	

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	<u>OPWC</u>	<u>Loan</u>	<u>Mortgage Note</u>
2017	\$24,605	\$18,527	\$14,688
2018	24,605		14,688
2019	24,605		14,688
2020	24,605		14,688
2021	24,605		14,688
2022-2026	123,025		58,752
2027-2031	118,025		
2032	9,803		
Total	<u>\$373,878</u>	<u>\$18,527</u>	<u>\$132,192</u>

TRUMBULL TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 9 – Contingent Liabilities

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.

Note 10 - Jointly Governed Organization

The Township is a member of the Northwest Ambulance District to provide ambulance services to its residents.

The constitution and laws of the State of Ohio establish the rights and privileges of the Northwest Ambulance District, Ashtabula County, (the District) as a body corporate and politic. Five Board Members govern the District. Each Political subdivision within the District appoints one member. Those subdivisions are Geneva Township, Harpersfield Township, Austinburg Township, Trumbull Township and the City of Geneva.

Financial information can be obtained by contacting Vincent Gildone, Administrator at 41480 South Broadway, Geneva, Ohio, 44041.



Dave Yost • Auditor of State

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

Trumbull Township
Ashtabula County
2443 State Route 534
Geneva, Ohio 44041

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of Trumbull Township, Ashtabula County, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated August 7, 2018 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

August 7, 2018



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
SEPTEMBER, 4 2018