

TRENTON TOWNSHIP
DELAWARE COUNTY, OHIO

Financial Statements
(Audited)

For the Years Ended
December 31, 2019 and 2018

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPARepor@ohioauditor.gov
(800) 282-0370

Board of Trustees
Trenton Township
15495 Hartford Road
Sunbury, Ohio 43074

We have reviewed the *Independent Auditor's Report* of Trenton Township, Delaware County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Trenton Township is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

October 12, 2020

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**TRENTON TOWNSHIP
DELAWARE COUNTY**

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Independent Auditor's Report

Trenton Township
Delaware County
15495 Hartford Road
Sunbury, Ohio 43074

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 Trenton Township, Delaware County, Ohio, as of and for the years ended December 31, 2019 and 2018.

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 Trenton 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 Trenton 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 1 of the financial statements, Trenton 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 Trenton 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 opinions 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 Trenton Township as of December 31, 2019 and 2018, 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 the related notes of Trenton Township, Delaware County, as of December 31, 2019 and 2018, 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 1.

Emphasis of Matter

As discussed in Note 10 to the financial statement for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of Trenton Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2020 on our consideration of Trenton 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 Trenton Township's internal control over financial reporting and compliance.



Julian & Grube, Inc.
July 30, 2020

Trenton Township
Delaware 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, 2019

	General	Special Revenue	Capital Projects	(Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$382,374	\$0	\$0	\$382,374
Licenses, Permits and Fees	31,142	0	0	31,142
Intergovernmental	52,802	141,722	110,474	304,998
Earnings on Investments	6,951	1,486	0	8,437
Miscellaneous	13,749	3,100	0	16,849
<i>Total Cash Receipts</i>	<u>487,018</u>	<u>146,308</u>	<u>110,474</u>	<u>743,800</u>
Cash Disbursements				
Current:				
General Government	267,561	0	0	267,561
Public Works	90,091	131,714	0	221,805
Health	41,225	0	0	41,225
Capital Outlay	172	0	110,474	110,646
<i>Total Cash Disbursements</i>	<u>399,049</u>	<u>131,714</u>	<u>110,474</u>	<u>641,237</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>87,969</u>	<u>14,594</u>	<u>0</u>	<u>102,563</u>
<i>Net Change in Fund Cash Balances</i>	87,969	14,594	0	102,563
<i>Fund Cash Balances, January 1</i>	<u>507,700</u>	<u>128,310</u>	<u>0</u>	<u>636,010</u>
Fund Cash Balances, December 31				
Restricted	0	142,904	0	142,904
Assigned	501,350	0	0	501,350
Unassigned (Deficit)	94,319	0	0	94,319
<i>Fund Cash Balances, December 31</i>	<u>\$595,669</u>	<u>\$142,904</u>	<u>\$0</u>	<u>\$738,573</u>

See accompanying notes to the financial statements

Trenton Township
Delaware County, Ohio
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2019

	Fiduciary Fund Types
	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments (trust funds only)	\$ 5
<i>Total Operating Cash Receipts</i>	5
<i>Operating Income (Loss)</i>	5
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	5
<i>Net Change in Fund Cash Balances</i>	5
<i>Fund Cash Balances, January 1</i>	317
<i>Fund Cash Balances, December 31</i>	\$322

See accompanying notes to the financial statements

**TRENTON TOWNSHIP
DELAWARE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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 Trenton Township, Delaware 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, cemetery maintenance, and zoning services.

The Township participates in a public entity risk pool.

Public Entity Risk Pool

OTARMA – 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 Township’s management believes these financial statements present all activities for which the Township is financially accountable.

B. 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 statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

C. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

D. 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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is that provides an NAV per share that approximates fair value.

**TRENTON TOWNSHIP
DELAWARE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Accounting

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

1. 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.

2. 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:

Gasoline Tax Fund – This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

Permissive Motor Vehicle License Fund – This fund receives County- levied tax money to pay for improvements for the Township.

3. 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 has the following significant capital project funds:

OPWC Issue II Fund – The Township received a grant from the state for capital improvements for Creek Road repaving. The proceeds are restricted for capital improvement.

4. Fiduciary Fund

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund consists of the Davidson Grave Flower Fund.

F. 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, 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. Unencumbered appropriations lapse at year end.

**TRENTON TOWNSHIP
DELAWARE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 canceled, and reappropriated in the subsequent year.

A summary of budgetary activity appears in Note 4.

G. Accumulated Leave

When a full-time employee leaves employment at the township, they are entitled to cash payments for unused leave as stated in the minutes of the Township. The financial statements do not include a liability for unpaid leave.

H. 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:

1. Nonspendable

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

2. 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.

3. 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.

4. 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. The Trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

**TRENTON TOWNSHIP
DELAWARE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. 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.

I. 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.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	<u>2019</u>
Demand Deposits	\$473,398
STAR Ohio	<u>265,496</u>
Total deposits and investments	<u>\$738,894</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

3. COMPLIANCE

Contrary to Ohio law, appropriation measures and subsequent amendments were not approved at the legal level of control for the year ended December 31, 2019.

**TRENTON TOWNSHIP
DELAWARE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

4. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$459,360	\$487,017	\$27,657
Special Revenue	94,835	146,308	51,473
Capital Projects	172,616	110,474	(62,142)
Private Purpose Trust	<u>1</u>	<u>5</u>	<u>4</u>
Total	<u>\$726,812</u>	<u>\$743,804</u>	<u>\$16,992</u>

2019 Budgeted vs Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$967,010	\$399,985	\$567,025
Special Revenue	223,146	132,170	90,976
Capital Projects	172,616	110,474	62,142
Private Purpose Trust	<u>318</u>	<u>0</u>	<u>318</u>
Total	<u>\$1,363,090</u>	<u>\$642,629</u>	<u>\$720,461</u>

5. 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.

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

6. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is cost-sharing, multi-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes postemployment healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10% of their gross salaries, and the Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

**TRENTON TOWNSHIP
DELAWARE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

7. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to the member-directed plan was 4.0 percent during calendar year 2019.

8. RISK POOL MEMBERSHIP

The (local entity) is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

9. DEBT

Trenton Township has no debt to report in 2019.

10. SUBSEQUENT EVENT

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID- 19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, receipts, and any recovery from emergency funding, either federal or state, cannot be estimated.

Trenton Township
Delaware 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, 2018

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$380,998	\$0	\$380,998
Licenses, Permits and Fees	17,476	0	17,476
Intergovernmental	50,222	122,211	172,433
Earnings on Investments	5,664	1,169	6,833
Miscellaneous	13,230	5,300	18,530
<i>Total Cash Receipts</i>	<u>467,590</u>	<u>128,680</u>	<u>596,270</u>
Cash Disbursements			
Current:			
General Government	268,532	0	268,532
Public Works	73,712	106,862	180,574
Health	34,630	310	34,940
Capital Outlay	43,714	0	43,714
<i>Total Cash Disbursements</i>	<u>420,588</u>	<u>107,172</u>	<u>527,760</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>47,002</u>	<u>21,508</u>	<u>68,510</u>
<i>Net Change in Fund Cash Balances</i>	47,002	21,508	68,510
<i>Fund Cash Balances, January 1</i>	<u>460,648</u>	<u>106,802</u>	<u>567,450</u>
Fund Cash Balances, December 31			
Restricted	0	128,310	128,310
Assigned	507,650	0	507,650
Unassigned (Deficit)	0	0	0
<i>Fund Cash Balances, December 31</i>	<u><u>\$507,650</u></u>	<u><u>\$128,310</u></u>	<u><u>\$635,960</u></u>

See accompanying notes to the financial statements

Trenton Township
Delaware County, Ohio
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2018

	Fiduciary Fund Types
	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments (trust funds only)	2
<i>Total Operating Cash Receipts</i>	2
<i>Operating Income (Loss)</i>	2
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	2
<i>Net Change in Fund Cash Balances</i>	2
<i>Fund Cash Balances, January 1</i>	315
<i>Fund Cash Balances, December 31</i>	\$317
<i>See accompanying notes to the financial statements</i>	

**TRENTON TOWNSHIP
DELAWARE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 Trenton Township, Delaware 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, cemetery maintenance, and zoning services.

The Township participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool

OTARMA – 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 Township’s management believes these financial statements present all activities for which the Township is financially accountable.

B. 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 statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

C. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

D. 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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is that provides an NAV per share that approximates fair value.

**TRENTON TOWNSHIP
DELAWARE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Accounting

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

1. 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.

2. 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:

Gasoline Tax Fund – This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

Permissive Motor Vehicle License Fund – This fund receives County- levied tax money to pay for improvements for the Township.

3. Fiduciary Fund

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund consists of the Davidson Grave Flower Fund.

F. 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, 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. Unencumbered appropriation lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

**TRENTON TOWNSHIP
DELAWARE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 4.

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.

H. 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:

1. Nonspendable

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

2. 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.

3. 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.

4. 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. The Trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

5. 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.

**TRENTON TOWNSHIP
DELAWARE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

I. 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.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	<u>2018</u>
Demand Deposits	\$376,862
STAR Ohio	<u>259,416</u>
Total deposits and investments	<u>\$636,278</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

3. COMPLIANCE

Contrary to Ohio law, appropriation measures and subsequent amendments were not approved at the legal level of control for the year ended December 31, 2018.

**TRENTON TOWNSHIP
DELAWARE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

4. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$474,766	\$467,588	\$(7,178)
Special Revenue	103,325	128,681	25,356
Private Purpose Trust	<u>1</u>	<u>3</u>	<u>2</u>
Total	<u>\$578,092</u>	<u>\$596,272</u>	<u>\$18,180</u>

2018 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$935,414	\$421,675	\$513,739
Special Revenue	210,126	107,743	102,383
Private Purpose Trust	<u>316</u>	<u>0</u>	<u>316</u>
Total	<u>\$1,145,856</u>	<u>\$529,418</u>	<u>\$616,438</u>

5. 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.

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

6. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is cost-sharing, multi-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes postemployment healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10% of their gross salaries, and the Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

**TRENTON TOWNSHIP
DELAWARE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

7. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to the member-directed plan was 4.0 percent during calendar year 2018.

8. RISK POOL MEMBERSHIP

The (local entity) is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

9. DEBT

Trenton Township has entered on August 29, 2016 a Master Lease Purchase Agreement with Mercedes- Benz Financial Services USA LLC. The lease was paid in three equal installments of \$43,713.69 in September 2016, August 2017, and August 2018. The vehicle purchased was a 2016 Western Star 4700SB 330 HP Cummins ISL 9 on State Bid. The total interest paid for the duration of the lease/purchase was \$4,766.07. The lease is reported as a functional disbursement, rather than as debt principal and interest.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards***

Trenton Township
Delaware County
15495 Hartford Road
Sunbury, Ohio 43074

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 Trenton Township, Delaware County, Ohio, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated July 30, 2020, wherein we noted Trenton Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Furthermore, as discussed in Note 10 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Trenton 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 Trenton 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 Trenton 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a significant deficiency. We consider finding 2019-001 to be a significant deficiency.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2019-002.

Trenton Township's Responses to Findings

Trenton Township's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not subject Trenton Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Trenton Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering Trenton Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
July 30, 2020

**TRENTON TOWNSHIP
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-001

Significant Deficiency - Financial Statement Presentation:

Accurate financial reporting is required in order to provide management and citizens with objective and timely information to enable well-informed decisions.

The following adjustments were made to properly state the financial statements and notes:

Year ended December 31, 2018:

- \$507,650 was reclassified from Unassigned Fund Balance to Assigned Fund Balance in the General Fund to properly present subsequent year appropriations in excess of estimated receipts.

Year ended December 31, 2019:

- \$501,350 was reclassified from Unassigned Fund Balance to Assigned Fund Balance in the General Fund to properly present subsequent year appropriations in excess of estimated receipts.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Township’s activity.

We recommend the Township consult with their auditors, an accounting/consulting firm, the Township Officers Handbook, to help ensure accurate financial reporting. The Township may want to consider additional financial statement reviews prior to submission of their annual reports on the Hinkle System.

Client Response: The Fiscal Officer has been provided with the documentation to properly state the financial statements and notes with the Unassigned Fund Balance and Assigned Fund Balance amounts in the upcoming years.

Finding Number	2019-002
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Noncompliance:

Ohio Revised Code Section 5705.38(C) requires the following minimum level of budgetary control for Townships: “Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services”. This means designing and accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

**TRENTON TOWNSHIP
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-002 - (Continued)

The Township’s appropriations for the years ended December 31, 2019 and 2018 were passed at the fund level, which is not at the detail required by Ohio Revised Code Section 5705.38(C). The Fiscal Officer inputs appropriations into the accounting system at a more detailed level, however, these detailed appropriations are not reviewed or approved by the Township Board of Trustees.

By not appropriating at the level of control required by the Ohio Revised Code, the Township risks insufficient oversight over disbursements since the Board of Trustees will not have sufficiently detailed budget vs. actual information available to them.

We recommend the Township pass appropriations at the minimum level of budgetary control, in accordance with the Ohio Revised Code. Further, all appropriations and subsequent amendments should be approved by the Board of Trustees prior to being posted to the Township’s system. This will aid the Board of Trustees and the Fiscal Officer in their review of disbursements versus appropriations and help ensure appropriations are in place prior to disbursements.

Client Response: The Fiscal Officer will make sure that the Trustees are given the line item amounts within each fund for the appropriation approval at the beginning of the year. Supplemental appropriations will be shown on the monthly management report for the Trustee’s approval.

OHIO AUDITOR OF STATE KEITH FABER



TRENTON TOWNSHIP

DELAWARE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/20/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov