



**TRUMBULL TOWNSHIP  
ASHTABULA COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2007**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Trumbull Township  
2730 Mechanicsville Road  
Rock Creek, Ohio 44084

We have reviewed the *Independent Accountants Report* of Trumbull Township, Ashtabula County, prepared by Canter & Associates, for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

March 22, 2010

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TRUMBULL TOWNSHIP  
ASHTABULA COUNTY

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## INDEPENDENT ACCOUNTANTS' REPORT

Trumbull Township  
Ashtabula County  
2730 Mechanicsville Road  
Rock Creek, Ohio 44084

To the Board of Trustees:

We have audited the accompanying financial statements of Trumbull Township, Ashtabula County, (the Township) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Trumbull Township, Ashtabula County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Township. The accompanying schedule of expenditures of federal awards for 2007 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Government, and Non-Profit Organizations*, and is also not a required part of the financial statements of the Township. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**CANTER & ASSOCIATES**

January 4, 2010



**TRUMBULL TOWNSHIP  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$51,790	\$191,649	\$243,439
Licenses, Permits, and Fees	-	1,232	1,232
Intergovernmental	22,042	594,524	616,566
Earnings on Investments	2,083	-	2,083
Miscellaneous	2,599	700	3,299
	<u>78,514</u>	<u>788,105</u>	<u>866,619</u>
<b>Total Cash Receipts</b>			
	<u>78,514</u>	<u>788,105</u>	<u>866,619</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	87,569	40,596	128,165
Public Safety	1,000	94,604	95,604
Public Works	500	174,223	174,723
Health	11,647	-	11,647
Other	2,815	-	2,815
Capital Outlay	53,025	1,043,334	1,096,359
Redemption of Principal	102	-	102
Interest and Other Fiscal Charges	1,176	1,176	2,352
	<u>157,834</u>	<u>1,353,933</u>	<u>1,511,767</u>
<b>Total Cash Disbursements</b>			
	<u>157,834</u>	<u>1,353,933</u>	<u>1,511,767</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(79,320)</u>	<u>(565,828)</u>	<u>(645,148)</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Other Debt Proceeds	322,575	-	322,575
Advances-In	8,602	283,500	292,102
Advances-Out	(283,500)	(8,602)	(292,102)
Other Financing Sources	52,647	51,700	104,347
	<u>100,324</u>	<u>326,598</u>	<u>426,922</u>
<b>Total Other Financing Receipts / (Disbursements)</b>			
	<u>100,324</u>	<u>326,598</u>	<u>426,922</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements</b>	21,004	(239,230)	(218,226)
<b>Fund Cash Balances, January 1</b>	<u>13,216</u>	<u>313,461</u>	<u>326,677</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$34,220</u></u>	<u><u>\$74,231</u></u>	<u><u>\$108,451</u></u>
<b>Reserve for Encumbrances, December 31</b>	<u><u>\$980</u></u>	<u><u>\$83</u></u>	<u><u>\$1,063</u></u>

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

**TRUMBULL TOWNSHIP  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$50,753	\$188,434	\$239,187
Licenses, Permits, and Fees	-	1,625	1,625
Intergovernmental	88,263	342,171	430,434
Earnings on Investments	2,002	1	2,003
Miscellaneous	8,212	-	8,212
	<u>149,230</u>	<u>532,231</u>	<u>681,461</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	99,070	35,857	134,927
Public Safety	2,029	104,681	106,710
Public Works	20	167,502	167,522
Health	7,000	798	7,798
Miscellaneous	-	38,133	38,133
Capital Outlay	52,845	11,206	64,051
	<u>160,964</u>	<u>358,177</u>	<u>519,141</u>
<b>Total Cash Disbursements</b>			
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(11,734)</u>	<u>174,054</u>	<u>162,320</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Advances In	-	1,500	1,500
Advances Out	(1,500)	-	(1,500)
	<u>(1,500)</u>	<u>1,500</u>	<u>-</u>
<b>Total Other Financing Receipts / (Disbursements)</b>			
<b>Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(13,234)</u>	<u>175,554</u>	<u>162,320</u>
<b>Fund Cash Balances, January 1</b>	<u>26,450</u>	<u>137,907</u>	<u>164,357</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$13,216</b></u>	<u><b>\$313,461</b></u>	<u><b>\$326,677</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$980</b></u>	<u><b>\$0</b></u>	<u><b>\$980</b></u>

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

**TRUMBULL TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Trumbull Township, Ashtabula County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with Hartsgrove Township to provide fire services and Norwest Ambulance District and South Central Ambulance District to provide ambulance services.

The Township participates in the Ohio Township Association Risk Management Authority public entity risk pool providing property and casualty coverage for its members. Note 6 to the financial statements provide additional information for this entity.

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

**B. Accounting Basis**

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

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

**C. Cash and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township maintained a general checking account and STAR Ohio account. STAR Ohio is recorded at share values reported by the mutual fund.

**D. Fund Accounting**

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

**TRUMBULL TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

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**1. General Fund**

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

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

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

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**TRUMBULL TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2007	2006
Demand deposits	\$66,035	\$286,344
Investment - STAR Ohio	42,416	40,333
Total deposits and investments	\$108,451	\$326,677

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$106,644	\$462,338	\$355,694
Special Revenue	715,699	1,123,305	407,606
Total	\$822,343	\$1,585,643	\$763,300

**TRUMBULL TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

2007 Budgeted vs. Actual Budgetary Basis Expenditures

	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$110,068	\$442,314	(\$332,246)
Special Revenue	398,736	1,362,618	(963,882)
Total	<u>\$508,804</u>	<u>\$1,804,932</u>	<u>(\$1,296,128)</u>

2006 Budgeted vs. Actual Receipts

	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$108,205	\$149,230	\$41,025
Special Revenue	317,582	533,731	216,149
Total	<u>\$425,787</u>	<u>\$682,961</u>	<u>\$257,174</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$149,245	\$163,444	(\$14,199)
Special Revenue	468,812	358,177	110,635
Total	<u>\$618,057</u>	<u>\$521,621</u>	<u>\$96,436</u>

**Compliance:** At December 31, 2007, the following Township funds had total expenditures plus encumbrances in excess of appropriations, which is in violation of Section 5705.41, Ohio Revised Code.

	Appropriations	Expenditures	Variance
General	\$ 110,068	\$ 442,314	\$ (332,246)
Motor Vehicle License Tax	13,078	17,196	(4,118)
Gasoline Tax	97,950	115,060	(17,110)
Road and Bridge	154,138	204,821	(50,683)
Fire Levy	42,700	69,294	(26,594)
Ambulance	58,770	60,945	(2,175)
Zoning	1,500	1,513	(13)
FEMA	0	870,405	(870,405)

**TRUMBULL TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**Compliance:** At December 31, 2007, the following Township funds had total appropriations in excess of estimated resources, which is in violation of Section 5705.39, Ohio Revised Code.

	Est. Resources	Appropriations	Variance
General	\$ 133,508	\$ 148,099	\$ (14,591)
Fire Levy	168,394	235,884	(67,490)

**Compliance:** At December 31, 2006, the following Township funds had total expenditures plus encumbrances in excess of appropriations, which is in violation of Section 5705.41, Ohio Revised Code.

	Appropriations	Expenditures	Variance
Fire Levy	\$ 60,255	\$ 75,562	\$ (15,307)

**4. PROPERTY TAX**

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEMS**

The Township employees and elected officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5 and 9 percent of their gross salaries, respectively. The Township contributed an amount equaling 13.85 and 13.7 percent of participants' gross salaries, respectively. The Township has paid all contributions required through December 31, 2007.

**TRUMBULL TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

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**6. RISK MANAGEMENT**

**Risk Pool Membership**

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For and occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTATMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.



**TRUMBULL TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	(13,357,837)	(12,120,661)
Retained earnings	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, casualty coverage liabilities noted above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and net assets above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$15,144. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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>Township Contributions to OTARMA</u>	
2005	\$7,572
2006	\$8,540
2007	\$10,921

**TRUMBULL TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

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After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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 was incurred or reported prior to the withdrawal.

**7. DEBT**

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes-Backhoe	\$52,575	0%
General Obligation Notes	269,898	5.23%
Total	<u>\$322,473</u>	

**8. CONTINGENT LIABILITIES**

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Trumbull Township  
Ashtabula County  
2730 Mechanicsville Road  
Rock Creek, Ohio 44084

To the Board of Trustees:

We have audited the financial statements of the of the Trumbull Township, (the Township) as of and for the years ended December 31, 2007 and 2006 and have issued our report thereon dated January 4, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001, 2007-002, 2007-003, 2007-004 and 2007-005.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we believe finding numbers 2007-001, 2007-002, 2007-003, 2007-004 and 2007-005 are also a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-005.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated January 4, 2010.

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

This report is intended solely for the information and use of management, board of trustees, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



CANTER & ASSOCIATES

Poland, Ohio  
January 04, 2010

**TRUMBULL TOWNSHIP  
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
YEAR ENDED DECEMBER 31, 2007**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	<b>UNQUALIFIED</b>
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	<b>YES</b>
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	<b>YES</b>
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	<b>YES</b>
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	<b>NO</b>
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	<b>NO</b>
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	<b>UNQUALIFIED</b>
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	<b>NO</b>
<i>(d)(1)(vii)</i>	Major Programs (list):	DISASTER GRANTS, CFDA 97.036
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	<b>NO</b>

**TRUMBULL TOWNSHIP  
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
YEAR ENDED DECEMBER 31, 2007**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2007-001**

**Material Weakness**

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

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

The Township's financial records were not properly reconciled with the Township's depositories on a monthly basis during the years under audit, 2007 and 2006. Every month there were posting errors to the records of the Township, which also affected the accuracy of the Township's annual financial reports. Adjustments were required to be made to the financial statements and the records of the Township.

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

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

**Official's Response:**

Monthly reconciliations will be performed and any adjusting entries will be properly identified on the reconciliations. Any errors on the reconciliation will be corrected and/or disclosed as soon as identified. Reconciliations will be presented to the Board for their review and approval.

**FINDING NUMBER 2007-002**

**Material Weakness**

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

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

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

**TRUMBULL TOWNSHIP  
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
YEAR ENDED DECEMBER 31, 2007**

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

**FINDING NUMBER 2007-002 (continued)**

- 1- Check amounts and numbers posted to the system, did not always correspond to the actual check numbers and amounts that cleared the bank.
- 2- Checks that were voided were not defaced and left with signatures in 2 instances, one for \$60,000 and one for \$349,000.
- 3- Checks that were voided were posted in the system as valid checks during the audit period.
- 4- Checks that were posted in the system for varying amounts were not cashed or voided during the audit period.
- 5- There were numerous transactions that were not being posted in the month that they occurred.
- 6- Bank reconciliations contained "Other adjusting factors".

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

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

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

**Official's Response:**

The above recommendation will be implemented.

**TRUMBULL TOWNSHIP  
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
YEAR ENDED DECEMBER 31, 2007**

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

**FINDING NUMBER 2007-003**

**Material Weakness**

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

Revenue and expenditure transactions were not always classified or recorded to the correct financial statement line items, based on the UAN descriptions and nature of the transactions for the years 2007 and 2006. Failure to accurately record revenues and expenditures to the proper line item could result in material misstatements to the financial statements.

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

**Official's Response:**

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

**FINDING NUMBER 2007-004**

**Material Weakness**

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

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



**TRUMBULL TOWNSHIP  
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
YEAR ENDED DECEMBER 31, 2007**

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

**FINDING NUMBER 2007-005**

**Material Weakness and Material Noncompliance**

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing unit from making expenditures unless it has been properly appropriated. Budgetary expenditures (disbursements and encumbrances) as enacted by the Board of Trustees may not exceed appropriations at the legal level for all funds. The following funds had expenditures in excess of appropriations as of December 31, 2007:

Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$110,068	\$442,314	(\$332,246)
Motor Vehicle License Tax	13,078	17,196	(\$4,118)
Gasoline Tax	97,950	115,060	(\$17,110)
Road & Bridge	154,138	204,821	(\$50,683)
Fire Levy	42,700	69,294	(\$26,594)
Ambulance	58,770	60,945	(\$2,175)
Zoning	1,500	1,513	(\$13)
FEMA	-	870,405	(\$870,405)

Monitoring appropriations is vital for maintaining sound budgetary practices. By not monitoring appropriations, expenditures plus encumbrances could result in funds exceeding the total available fund balance, although this was not the case during the audit period.

We recommend the Township verify all expenditures and encumbrances have proper appropriation authority prior to expending funds or certifying purchases and compare appropriations to expenditures plus encumbrances in all budgeted funds to maintain compliance with the above requirements.

**Management response:**

Appropriations will be more closely monitored to ensure no future violations

**TRUMBULL TOWNSHIP  
ASHTABULA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain:</b></i>
2005-004	Lack of bank monthly reconciliations.	No	Not corrected: Repeated as Finding 2007-001.
2005-005 and 2005-006	Checks were written off the UAN system, voided checks not maintained, vouchers not always on file, supporting documentation not always with voucher, differences in amounts paid as compared to invoices not explained, and Fiscal Officer's signature not always on warrant.	No	Not Corrected: Repeated as Findings 2007-002 and 2007-003
2005-001	Annual compensation overpayment	Yes	
2005-002	ORC 5705.41(D), certifying purchases	Yes	
2005-003	Retention of records	Yes	
2005-007	Monitoring control system	No	Partially Corrected: Trustees perform a cursory review of bank reconciliations, not a detailed review. Monthly review of budget and activity is noted in minutes as well as presentation of financial reports noted in minutes. Repeated as Finding 2007-004



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REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Trumbull Township  
Ashtabula County  
2730 Mechanicsville Road  
Rock Creek, Ohio 44084

To the Board of Trustees:

Compliance

We have audited the compliance of Trumbull Township (the Township), Ashtabula County, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The Township's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Township's compliance with those requirements.

In our opinion, Trumbull Township, Ashtabula County, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the Township is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Township's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, board of trustees, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



CANTER & ASSOCIATES

Poland, Ohio  
January 4, 2010

TRUMBULL TOWNSHIP  
ASHTABULA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Grant Name or I.D. No.</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<b><u>EMERGENCY MANAGEMENT AGENCY</u></b>					
Disaster Grants-Public Assistance	DR-1656-OH	97.036	N/A	\$ 782,982	\$ 782,982
<b>Total Emergency Management Agency</b>				<b><u>\$782,982</u></b>	<b><u>\$782,982</u></b>
<b>Totals</b>				<b><u>\$782,982</u></b>	<b><u>\$782,982</u></b>

**TRUMBULL TOWNSHIP  
ASHTABULA COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule is a summary of activity of the Township's federal award programs. The Schedule has been prepared on the cash basis of accounting.



**Mary Taylor, CPA**  
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  
APRIL 1, 2010**