

TRURO TOWNSHIP
FRANKLIN COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2021 & 2020**

OHIO AUDITOR OF STATE
KEITH FABER



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

Board of Trustees
Truro Township
6900 East Main Street
Reynoldsburg, Ohio 43068

We have reviewed the *Independent Auditor's Report* of Truro Township, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2020 through December 31, 2021. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Sales Tax - Finding For Recovery Repaid Under Audit

Due to deficiencies in the Township's internal controls, the Township purchased status boards, mounts and recliners for the Truro Township Fire Department from Big Sandy Superstore on May 29, 2020, in which sales taxes in the amount of \$899 were included and paid with this purchase. Ohio Rev. Code § 5739.02(B)(1) exempts sales to the state or any of its political subdivisions from sales tax. Since the Township was not legally required to pay the sales tax on this purchase, this expenditure is improper.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Big Sandy Superstore in the amount of \$899, and in favor of Truro Township's Fire Fund.

On August 9, 2022, Big Sandy Superstore reimbursed the Township for the sales tax and it was receipted into the Township's Fire Fund. As a result, the matter is considered repaid under audit.

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. Truro Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 23, 2022

This page intentionally left blank.

**TRURO TOWNSHIP
FRANKLIN COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor’s Report	1 - 3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2021	4
Notes to the Financial Statements – For the Year Ended December 31, 2021	5 - 13
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2020	14
Notes to the Financial Statements – For the Year Ended December 31, 2020	15 - 23
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	24 - 25
Schedule of Findings and Responses.....	26 - 28
Summary Schedule of Prior Audit Findings.....	29

This page intentionally left blank.

Independent Auditor's Report

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

To the Members of the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental fund type of Truro Township, Franklin County, Ohio, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental fund type of Truro Township, as of and for the years ended December 31, 2021 and 2020 in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as described in Note 1.

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" section of our report, the accompanying 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 Truro Township, as of December 31, 2021 and 2020, or changes in net position thereof for the years then ended.

Basis for Opinions

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. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Truro Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by Truro Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Though Truro 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(C) permit. Our opinions on this accounting basis are in the “*Unmodified Opinions on Regulatory Basis of Accounting*” paragraph above.

Emphasis of Matters

As described in Note 15 to the financial statements for the year ended December 31, 2020, during 2020 the Township adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. As described in Note 14 to the financial statements for the year ended December 31, 2021, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of Truro Township. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Truro Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Truro Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Truro Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2022, on our consideration of Truro Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Truro Township's 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 Truro Township's internal control over financial reporting and compliance.



Julian & Grube, Inc.
July 27, 2022

Truro Township
Franklin 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, 2021

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$1,222,684	\$8,260,415	\$0	\$0	\$9,483,099
Charges for Services	0	817,544	0	0	817,544
Licenses, Permits and Fees	17,890	9,890	0	0	27,780
Intergovernmental	78,661	996,736	0	0	1,075,397
Earnings on Investments	3,009	0	0	0	3,009
Miscellaneous	44,167	55,418	0	0	99,585
<i>Total Cash Receipts</i>	<u>1,366,411</u>	<u>10,140,003</u>	<u>0</u>	<u>0</u>	<u>11,506,414</u>
Cash Disbursements					
Current:					
General Government	282,735	0	0	0	282,735
Public Safety	0	8,867,845	0	0	8,867,845
Public Works	0	123,354	0	0	123,354
Health	0	12,097	0	0	12,097
Debt Service:					
Principal Retirement	0	115,000	777,000	0	892,000
Interest and Fiscal Charges	0	55,844	18,648	0	74,492
<i>Total Cash Disbursements</i>	<u>282,735</u>	<u>9,174,140</u>	<u>795,648</u>	<u>0</u>	<u>10,252,523</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,083,676</u>	<u>965,863</u>	<u>(795,648)</u>	<u>0</u>	<u>1,253,891</u>
Other Financing Receipts (Disbursements)					
Transfers In	0	2,387,973	795,648	0	3,183,621
Transfers Out	(2,387,973)	(795,648)	0	0	(3,183,621)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,387,973)</u>	<u>1,592,325</u>	<u>795,648</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(1,304,297)	2,558,188	0	0	1,253,891
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>3,089,867</u>	<u>1,922,443</u>	<u>0</u>	<u>67,183</u>	<u>5,079,493</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,785,570</u>	<u>\$4,480,631</u>	<u>\$0</u>	<u>\$67,183</u>	<u>\$6,333,384</u>

See accompanying notes to the financial statement

**TOWNSHIP OF TRURO, OHIO
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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 Truro Township, Franklin 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, fire protection and emergency medical services.

The Township participates in the Ohio Plan Risk Management, Inc. public entity risk pool and the MECC Regional Council of Governments, a jointly governed organization. Notes 11 and 12 to the financial statements provides additional information for these entities.

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.

C. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

D. Deposits

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.

E. Fund Accounting

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

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.

**TOWNSHIP OF TRURO, OHIO
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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 Fund:

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

3. Debt Service Funds

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

Bond Retirement Fund – This fund accounts for and reports resources restricted for the retirement of debt issued for the purpose of constructing, acquiring, furnishing, and equipping Township Fire Station and Offices.

4. Permanent Funds

This fund accounts for and reports resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Township's programs (for the benefit of the Township and its citizenry). The Township had the following significant permanent fund:

Silent Home Cemetery Bequest Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

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. Appropriations 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.

**TOWNSHIP OF TRURO, OHIO
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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 re-appropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

G. 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. Non-spendable

The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, non-spendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the non-spendable portion of the corpus in permanent funds.

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.

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.

**TOWNSHIP OF TRURO, OHIO
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

H. Capital Assets

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

I. 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. DEPOSITS

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2021
Demand deposits	\$6,268,384
Certificates of deposit	65,000
Total deposits	\$6,333,384

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

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.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,353,469	\$1,366,410	\$12,941
Special Revenue	12,535,658	12,527,973	(7,685)
Debt Service	795,648	795,648	0
Permanent	0	0	0
Total	\$14,684,775	\$14,690,031	\$5,256

**TOWNSHIP OF TRURO, OHIO
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

2021 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,689,755	\$2,670,707	\$19,048
Special Revenue	10,301,461	9,969,787	331,674
Debt Service	795,648	795,648	0
Permanent	500	0	500
Total	\$13,787,364	\$13,436,142	\$351,222

4. PROPERTY TAXES

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

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

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

5. LEASE PURCHASE AGREEMENT

The Board of Trustees declared its intent to construct and equip a new fire house (Sta. 162) for the Township. Ohio Revised Code 505.267 (and expanded 505.37) allows townships to enter into lease purchase agreements with respect to fire and police protection. To fund the fire house construction, the Township went through Ohio Township Association Leasing, LLC (OTAL). OTAL issued \$3,345,000 in Certificates of Participation in May 2005. The Certificates are not debt of the Township. Under the terms of the lease, the Township will lease the project from OTAL for an annual payment equal to the principal payment due on OTAL's Certificates debt schedule. The Township will also make semi-annual payments equal to the interest payments on OTAL's Certificates debt schedule. The payments are subject to annual appropriation by the Township. The debt schedule is for 30 years ending December 31, 2035. At the conclusion of the 30-year Renewable Lease Purchase Agreement, the Township obtains ownership of the fire house, the grounds, and any facility equipment.

In November 2016, the Township authorized a Bond Refunding of the above Certificates of Participation, entered into a ground lease agreement with Buckeye Leasing Services (BLS) and issued \$2,435,000 in Certificates of Participation. The Certificates are not debt of the Township. Under the terms of the lease, the Township will lease the project from BLS for an annual payment equal to the principal payment due on BLS's Certificates debt schedule. The Township will also make semi-annual payments equal to the interest payments on BLS's Certificates debt schedule. The payments are subject to annual appropriation by the Township. The renewable lease debt schedule ends December 31, 2035. At the conclusion of the Renewable Lease Purchase Agreement, the Township obtains ownership of the fire house, the grounds, and any facility equipment.

**TOWNSHIP OF TRURO, OHIO
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

Year ending December 31:	Principal due on		Yearly Total
	12-1	Interest Due	
2022	115,000	52,044	167,044
2023	120,000	49,744	169,744
2024	120,000	47,344	167,344
2025	120,000	44,944	164,944
2026	125,000	42,244	167,244
2027-2031	680,000	157,556	837,556
2032-2035	615,000	48,406	663,406
Total	<u>\$1,895,000</u>	<u>\$442,282</u>	<u>\$2,337,282</u>

In January 2021, the Township purchased a new fire engine under a Master Tax-Exempt Lease/Purchase Agreement, at a cost of \$571,313 with an eight (8) year term and first principal payment due January 2022. At the conclusion of the Master Tax-Exempt Lease/Purchase Agreement, the Township obtains ownership of the fire engine.

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

Year ending December 31:	Principal due on		Yearly Total
	1-15	Interest Due	
2022	65,350	14,397	79,747
2023	66,997	12,750	79,747
2024	68,686	11,062	79,748
2025	70,416	9,331	79,747
2026	72,191	7,557	79,748
2027-2029	227,673	11,570	239,243
Total	<u>\$571,313</u>	<u>\$66,667</u>	<u>\$637,980</u>

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2021, employees participating in OP&F contributed 12.25% of their gross wages. The Township contributed to OP&F an amount equal to 24.00% of full-time fire fighters wages. For 2021, employees participating in OPERS contributed 10.00% of their gross wages. The Township contributed to OPERS an amount equal to 14.00% of participants gross wages. The Township has paid all contributions required through December 31, 2021.

Part-time Fire Fighters contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participants gross salaries. The Township has paid all contributions required through December 31, 2021.

**TOWNSHIP OF TRURO, OHIO
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

7. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer 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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

8. DEBT

On February 14, 2018, the Township issued \$3,031,000 Fire Station Construction and Improvement General Obligation Notes at an interest rate ranging from 1.95 percent to 2.40 percent for the purpose of Constructing, Acquiring, Furnishing, and Equipping Township Fire Station and Offices. This note matured December 1, 2021.

9. INTERFUND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The following transfers occurred during the year ended December 31, 2021.

<u>Transfer Out</u>	<u>Transfer In</u>
General Fund	<u>Fire Fund</u> \$2,387,973
Fire District Fund	<u>Debt Service</u> \$ 795,648

10. CONTINGENT LIABILITIES

The Township is a defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter 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. 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.

11. RISK MANAGEMENT

The Township is exposed to various risks or property and casualty losses and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**TOWNSHIP OF TRURO, OHIO
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Risk Pool Membership

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$21,777,439
Liabilities	<u>(\$15,037,383)</u>
Members' Equity	<u><u>\$6,740,056</u></u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org

12. JOINTLY GOVERNED ORGANIZATIONS

The MECC Regional Council of Governments (Council) helps foster cooperation between municipalities/townships to more effectively manage the provision of shared services and programs, including efficient methods of delivery of public safety dispatch operations, fire, law enforcement and emergency medical and related services, technology services, and selected benefit services, and to promote cooperative agreements and contracts. The Board is comprised of one member from each of the founding members (Truro, Violet, Mifflin, Jefferson and Plain Townships). The Board exercises total control over the operation of the Council including budgeting, appropriating, contracting, and designating management. The Township contributed \$423,209 in 2021. The Council’s financial statements may be obtained by contacting the MECC Regional Council of Governments in Gahanna.

13. FUND BALANCES

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

**TOWNSHIP OF TRURO, OHIO
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Fund Balances	General	Special Revenue	Debt Service	Permanent	Total
Nonspendable:	0	0	0	0	0
Unclaimed Monies	0	0	0	0	0
Corpus	0	0	0	65,000	65,000
Outstanding Encumbrances	0	0	0	0	0
Total	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$65,000</u>	<u>\$65,000</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the non-spendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

14. COVID-19

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

During 2021, the Township received \$71,493 as an on-behalf of grant from another government. These amounts are recorded in the American Rescue Plan Special Revenue Fund.

15. FUND BALANCE RESTATEMENT

The Township restated the beginning Fire Fund fund balance due to canceling and reissuing two checks in 2021, that were originally issued in 2020 in the amount of \$2,770.

16. SUBSEQUENT EVENTS

In November 2021, the Township passed a current expense renewal levy being a reduction of 1 mill to constitute a tax of 1.5 mills, for 5 years, commencing in 2021, first due in calendar year 2022.

In January 2022, the Board of Trustees authorized the purchase of a new dump truck at a cost of \$57,396.

Truro Township
Franklin 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, 2020

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$1,198,613	\$6,262,767	\$0	\$0	\$7,461,380
Charges for Services	0	793,518	0	0	793,518
Licenses, Permits and Fees	18,190	12,017	0	0	30,207
Intergovernmental	82,153	1,036,476	0	0	1,118,629
Earnings on Investments	6,169	12	0	1,642	7,823
Miscellaneous	141,149	288,254	0	0	429,403
<i>Total Cash Receipts</i>	<u>1,446,274</u>	<u>8,393,044</u>	<u>0</u>	<u>1,642</u>	<u>9,840,960</u>
Cash Disbursements					
Current:					
General Government	425,970	0	0	0	425,970
Public Safety	0	8,331,706	0	0	8,331,706
Public Works	0	103,126	0	0	103,126
Health	0	23,948	0	276	24,224
Capital Outlay	2,681,542	0	0	0	2,681,542
Debt Service:					
Principal Retirement	0	110,000	760,000	0	870,000
Interest and Fiscal Charges	0	58,044	35,748	0	93,792
<i>Total Cash Disbursements</i>	<u>3,107,512</u>	<u>8,626,824</u>	<u>795,748</u>	<u>276</u>	<u>12,530,360</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,661,238)</u>	<u>(233,780)</u>	<u>(795,748)</u>	<u>1,366</u>	<u>(2,689,400)</u>
Other Financing Receipts (Disbursements)					
Transfers In	0	0	795,748	0	795,748
Transfers Out	0	(795,748)	0	0	(795,748)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>(795,748)</u>	<u>795,748</u>	<u>0</u>	<u>-</u>
Extraordinary Item	1,528,494	0	0	0	1,528,494
<i>Net Change in Fund Cash Balances</i>	(132,744)	(1,029,528)	0	1,366	(1,160,906)
<i>Fund Cash Balances, January 1</i>	3,222,611	2,949,201	0	65,817	6,237,629
<i>Fund Cash Balances, December 31</i>	<u>\$3,089,867</u>	<u>\$1,919,673</u>	<u>\$0</u>	<u>\$67,183</u>	<u>\$5,076,723</u>

See accompanying notes to the financial statement

**TOWNSHIP OF TRURO, OHIO
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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 Truro Township, Franklin 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, fire protection and emergency medical services.

The Township participates in the Ohio Plan Risk Management, Inc. public entity risk pool and the MECC Regional Council of Governments, a jointly governed organization. Notes 11 and 12 to the financial statements provides additional information for these entities.

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.

C. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

D. Deposits

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.

E. Fund Accounting

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

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.

**TOWNSHIP OF TRURO, OHIO
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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 Fund:

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

3. Debt Service Funds

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

Bond Retirement Fund – This fund accounts for and reports resources restricted for the retirement of debt issued for the purpose of constructing, acquiring, furnishing, and equipping Township Fire Station and Offices.

4. Permanent Funds

This fund accounts for and reports resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Township's programs (for the benefit of the Township and its citizenry). The Township had the following significant permanent fund:

Silent Home Cemetery Bequest Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

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. Appropriations 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.

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 re-appropriated in the subsequent year. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2020 budgetary activity appears in Note 3.

**TOWNSHIP OF TRURO, OHIO
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

G. 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. Non-spendable

The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, non-spendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the non-spendable portion of the corpus in permanent funds.

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.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

H. Capital Assets

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

**TOWNSHIP OF TRURO, OHIO
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

I. 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. DEPOSITS

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

	2020
Demand deposits	\$5,011,723
Certificates of deposit	65,000
Total deposits	\$5,076,723

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

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.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,951,907	\$2,974,769	\$22,862
Special Revenue	8,365,784	8,393,044	27,260
Debt Service	795,748	795,748	0
Permanent	1,600	1,641	41
Total	\$12,115,040	\$12,165,203	\$50,163

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,266,006	\$3,107,512	\$158,494
Special Revenue	9,819,185	9,422,572	396,613
Debt Service	795,748	795,748	0
Permanent	300	276	24
Total	\$13,881,239	\$13,326,108	\$555,131

**TOWNSHIP OF TRURO, OHIO
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

4. PROPERTY TAXES

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

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

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

5. LEASE PURCHASE AGREEMENT

The Board of Trustees declared its intent to construct and equip a new fire house (Sta. 162) for the Township. Ohio Revised Code 505.267 (and expanded 505.37) allows townships to enter into lease purchase agreements with respect to fire and police protection. To fund the fire house construction, the Township went through Ohio Township Association Leasing, LLC (OTAL). OTAL issued \$3,345,000 in Certificates of Participation in May 2005. The Certificates are not debt of the Township. Under the terms of the lease, the Township will lease the project from OTAL for an annual payment equal to the principal payment due on OTAL's Certificates debt schedule. The Township will also make semi-annual payments equal to the interest payments on OTAL's Certificates debt schedule. The payments are subject to annual appropriation by the Township. The debt schedule is for 30 years ending December 31, 2035. At the conclusion of the 30-year Renewable Lease Purchase Agreement, the Township obtains ownership of the fire house, the grounds, and any facility equipment.

In November 2016, the Township authorized a Bond Refunding of the above Certificates of Participation, entered into a ground lease agreement with Buckeye Leasing Services (BLS) and issued \$2,435,000 in Certificates of Participation. The Certificates are not debt of the Township. Under the terms of the lease, the Township will lease the project from BLS for an annual payment equal to the principal payment due on BLS's Certificates debt schedule. The Township will also make semi-annual payments equal to the interest payments on BLS's Certificates debt schedule. The payments are subject to annual appropriation by the Township. The renewable lease debt schedule ends December 31, 2035. At the conclusion of the Renewable Lease Purchase Agreement, the Township obtains ownership of the fire house, the grounds, and any facility equipment.

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

Year ending December 31:	Principal due on 12-1	Interest Due	Yearly Total
2021	115,000	54,344	169,344
2022	115,000	52,044	167,044
2023	120,000	49,744	169,744
2024	120,000	47,344	167,344
2025	120,000	44,944	164,944
2026-2030	660,000	176,419	836,419
2031-2035	760,000	71,788	831,788
Total	<u>\$2,010,000</u>	<u>\$496,627</u>	<u>\$2,506,627</u>

**TOWNSHIP OF TRURO, OHIO
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2020, employees participating in OP&F contributed 10.25% percent of their gross wages and the Township contributed the remaining 2%. For 2020, employees, who were not elected officials, participating in OPERS contributed 8.00% percent of their gross wages and the Township contributed the remaining 2%. The Township has paid all contributions required through December 31, 2020.

Part-time Fire Fighters contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participants gross salaries. The Township has paid all contributions required through December 31, 2020.

7. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer 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 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

8. DEBT

Debt outstanding at December 31, 2020 was as follows:

On February 14, 2018, the Township issued \$3,031,000 Fire Station Construction and Improvement General Obligation Notes at an interest rate ranging from 1.95 percent to 2.40 percent with a final maturity date of December 1, 2021. The notes were issued for the purpose of Constructing, Acquiring, Furnishing, and Equipping Township Fire Station and Offices.

	<u>Principal</u>	<u>Interest Rate</u>
Fire Station Construction Notes	\$777,000	2.40%

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

	<u>Principal Due</u>	<u>Interest Due</u>
Year Ending December 31: 2021	\$777,000	\$18,648

**TOWNSHIP OF TRURO, OHIO
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

9. CONSTRUCTION COMMITMENTS

The Fire Station and Offices Construction Project was completed in June 2020. The construction outstanding at December 31, 2020, including retainage, was \$27,004.

10. INTERFUND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The following transfer occurred during the year ended December 31, 2020.

<u>Transfer Out</u>	<u>Transfer In</u>
	<u>Debt Service</u>
Fire District Fund	\$795,748

11. RISK MANAGEMENT

The Township is exposed to various risks or property and casualty losses and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

Risk Pool Membership

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

**TOWNSHIP OF TRURO, OHIO
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$18,826,974
Liabilities	<u>(\$13,530,267)</u>
Members' Equity	<u><u>\$5,296,707</u></u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org

12. JOINTLY GOVERNED ORGANIZATIONS

The MECC Regional Council of Governments (Council) helps foster cooperation between municipalities/townships to more effectively manage the provision of shared services and programs, including efficient methods of delivery of public safety dispatch operations, fire, law enforcement and emergency medical and related services, technology services, and selected benefit services, and to promote cooperative agreements and contracts. The Board is comprised of one member from each of the founding members (Truro, Violet, Mifflin, Jefferson and Plain Townships). The Board exercises total control over the operation of the Council including budgeting, appropriating, contracting, and designating management. The Township contributed \$410,968 in 2020. The Council's financial statements may be obtained by contacting the MECC Regional Council of Governments in Gahanna.

13. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. 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.

14. FUND BALANCES

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Permanent	Total
Nonspendable:	0	0	0	0	0
Unclaimed Monies	0	0	0	0	0
Corpus	0	0	0	65,000	65,000
Outstanding Encumbrances	0	0	0	0	0
Total	\$0	\$0	\$0	\$65,000	\$65,000

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**TOWNSHIP OF TRURO, OHIO
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

15. CHANGES IN ACCOUNTING PRINCIPLES

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. There was no effect on the beginning fund balance.

16. COVID-19

During 2020, the Township received \$129,690 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

17. EXTRAORDINARY ITEM

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Township and that are either unusual in nature or infrequent in occurrence.

In February 2019, the Fire Station Construction Project general contractor defaulted on the project and working with surety and legal counsel, a new contractor was engaged with a tender agreement established in December 2019. Per the Tender Agreement, an amount of \$1,528,494 was remitted to the Township by the surety for completion of the Fire Station Construction Project. The project was completed in June 2020.

18. SUBSEQUENT EVENTS

In January 2021, the Township agreed to purchase a new fire engine through a lease-purchase agreement, at a cost of \$571,313 with an eight (8) year term and first principal payment due January 2022. Expected delivery of the fire engine is late 2021.

**Independent Auditor's 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***

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

To the Members of the Board of Trustees:

We have audited, in accordance with the 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, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type of Truro Township, Franklin County, Ohio, as of and for the years ended December 31, 2021, and 2020 and the related notes to the financial statements and have issued our report thereon dated July 27, 2022, wherein we noted as described in Note 1 to the financial statements, Truro Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. As described in Note 15 to the financial statements for the year ended December 31, 2020, during 2020 the Township adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. Furthermore, we noted as described in Note 14 to the financial statements for the year ended December 31, 2021, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* 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 and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Truro Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-002 and 2021-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Truro Township's financial statements are free from 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 financial statements. 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 are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002.

Truro Township's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Truro Township's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. Truro Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on these responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Truro Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Truro Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
July 27, 2022

**TRURO TOWNSHIP
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2021-001

Noncompliance - Compliance of Debt Covenants

In 2016, the Township levied a tax in excess of the ten-mill limitation under Revised Code Section 5705.19(A) for the purpose of current expenses, in addition to the previous general operating levy already in place.

In March 2018 the Township issued general obligation notes for the construction of a new fire station. As described in section 10 of resolution 2018-002, "There shall be and is hereby levied annually on all the taxable property in the Township, in addition to all other taxes and inside the ten-mill limitation, a direct tax (the "Debt Service Levy") for each year during which any of the Notes are outstanding for the purpose of providing, and in an amount which is sufficient to provide, funds to pay interest upon the Notes as and when the same falls due and to provide a fund for the repayment of the principal of the Notes at maturity or upon redemption. The Debt Service Levy shall not be less than the interest and sinking fund tax required by Article XII, Section 11 of the Ohio Constitution."

The Township did not levy a tax specifically for the purposes of issuing this debt as required within the debt agreement. Instead, the Township chose to use the revenues from its current expense levy within its general fund to make transfers to the debt service fund in the amount of the debt payment.

The Township is in noncompliance with one debt covenant which could result in the debt being recalled by the issuer. The Township should seek guidance from the issuer of the notes on how to proceed in correcting these instances of noncompliance.

For future instances of debt issuances, we recommend the Township establish procedures to help ensure all debt covenants have been met, which may include seeking legal counsel.

Client Response: The Township corrected this in 2021 and the debt was paid off entirely in 2021.

Finding Number	2021-002
----------------	----------

Material Weakness/Noncompliance – Improper Use of Levy Funds

Ohio Rev. Code §5705.05 indicates the purpose and intent of the general levy for current expenses is to provide one general operating fund derived from taxation from which any expenditures for current expenses of any kind may be made. The taxing authority of a political subdivision may include in such levy the amounts required for carrying into effect any of the general or special powers granted by law to such subdivision including the acquisition or construction of permanent improvements and the payment of judgments, but excluding the payment of debt charges.

In 2016, voters approved a current expense levy for the Township's general fund. In 2020, the Township utilized revenues generated from this levy to transfer monies to its debt service fund for principal retirement of its notes obtained for the construction of a new fire house. This was an improper use of current expense levy tax revenues.

**TRURO TOWNSHIP
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND REPOSSES
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
--	--

Finding Number	2021-002 – (continued)
----------------	------------------------

Adjustments were made to the Township’s financial statements in 2020 to return these levy monies back to the general fund in the amount of \$795,748 and to establish a transfer from the Township’s Fire District Special Revenue fund to the debt service fund for the same amount, as the debt payment is an allowable expense of the tax revenues being collected by the Fire District Special Revenue fund.

The Township should establish internal controls to help ensure levy monies are being used for the purposes approved by voters in the ballot language.

Client Response: The Township corrected this in 2021 and the debt was paid off entirely in 2021.

Finding Number	2021-003
----------------	----------

Material Weakness - Financial Reporting

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information.

The following adjustments were made to the financial statements and notes for the year ended December 31, 2020:

- General Fund: transfers out were decreased and cash was increased by \$795,748. This adjustment was necessary to correct the transfers to the debt service for the principal and interest, as indicated in findings 2021-001 and 2021-002. In addition, capital outlay was increased by \$2,681,542 and general government was decreased by the same amount to properly account for disbursements for the new fire house and Township administrative offices and facilities.
- Special Revenue Fund Type (Coronavirus Relief Fund): public safety disbursements increased \$91,160 and transfers out decreased by the same amount. This adjustment was to properly account for the reimbursement of allowable expenditures from the Coronavirus Relief Fund to the Fire and EMS funds.
- Special Revenue Fund Type (Fire District Fund): transfers in was reduced \$81,324 and public safety disbursement was reduced by the same amount to properly account for the reimbursement of allowable expenditures from the Coronavirus Relief Fund. Transfers out was increased \$795,748 and cash was reduced by the same amount, as indicated in findings 2021-001 and 2021-002.
- Special Revenue Fund Type (EMS Fund): transfers in was reduced \$9,836 and public safety disbursement was reduced by the same amount to properly account for the reimbursement of allowable expenditures from the Coronavirus Relief Fund. Charges for services increased \$793,518 and licenses, permits and fees decreased by the same amount to properly record the receipts for the EMS billings.

The Township has posted all cash (fund balance) adjustments to its system.

**TRURO TOWNSHIP
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND REPOSES
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)
--

Finding Number	2021-003 – (continued)
----------------	------------------------

Control procedures not properly developed related to the financial statements limits management’s ability to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. Additionally, management will not have the necessary information to make timely and well-informed business decisions.

We recommend the Township implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements and related notes prior to presenting them to the auditors. A second review of the monthly cash activity and financial statements by someone other than the individual preparing them would be beneficial.

Client Response: The Township Fiscal Officer will more closely examine their report prior to filing with HINKLE and will work toward more accurately presenting those in the future. In addition, the Township corrected these items in 2021, the construction finished in 2020 and the debt was paid off in 2021.

**TRURO TOWNSHIP
FRANKLIN COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	<u>Noncompliance – Compliance of Debt Covenants</u> – The Township was in noncompliance with Ohio Revised Code section 5705.01(F) and two debt covenants in regards to a general obligation note issued for the construction of a new fire station.	Not Corrected	Finding repeated as 2021-001
2019-002	<u>Material Weakness/Noncompliance – Improper Use of Levy Funds</u> – The Township transferred money out of the general fund from receipts generated from a current operating levy, in noncompliance with Ohio Revised Code section 5705.05.	Not Corrected	Finding repeated as 2021-002
2019-003	<u>Material Weakness – Accurate Financial Reporting</u> – The Township had audit adjustments identified and subsequently posted to the financial statements, in addition to modifications to the Township’s notes.	Not Corrected	Finding repeated as 2021-003

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



TRURO TOWNSHIP

FRANKLIN 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 12/6/2022

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