



**SAYBROOK TOWNSHIP  
ASHTABULA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**SAYBROOK TOWNSHIP  
ASHTABULA COUNTY**

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
242 Federal Plaza West  
Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Saybrook Township  
Ashtabula County  
7247 Center Road  
Ashtabula, Ohio 44004

To the Board of Trustees:

We have audited the accompanying financial statements of Saybrook Township, Ashtabula County, (the Township) as of and for the years ended December 31, 2001 and 2000. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 the Township as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 5, 2002

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**SAYBROOK 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, 2001**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$144,863	\$1,562,854		\$1,707,717
Intergovernmental	356,173	282,565	\$66,000	704,738
Special Assessments		43,554		43,554
Charges for Services		6,375		6,375
Licenses, Permits, and Fees	7,616	19,035		26,651
Earnings on Investments	50,670	1,570		52,240
Other Revenue	1,691	28,739		30,430
	<u>561,013</u>	<u>1,944,692</u>	<u>66,000</u>	<u>2,571,705</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	232,800			232,800
Public Safety	931	758,494		759,425
Public Works	2,863	945,380		948,243
Health	62,931	22,415		85,346
Human Services		31,997		31,997
Debt Service:				
Redemption of Principal		199,091		199,091
Interest and Fiscal Charges		11,682		11,682
Capital Outlay	31,370	137,045	66,074	234,489
	<u>330,895</u>	<u>2,106,104</u>	<u>66,074</u>	<u>2,503,073</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	<u>230,118</u>	<u>(161,412)</u>	<u>(74)</u>	<u>68,632</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Notes		50,000		50,000
Other Sources	2,016	7,850		9,866
	<u>2,016</u>	<u>57,850</u>		<u>59,866</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	232,134	(103,562)	(74)	128,498
Fund Cash Balances, January 1	<u>232,628</u>	<u>698,778</u>	<u>74</u>	<u>931,480</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$464,762</u></b>	<b><u>\$595,216</u></b>		<b><u>\$1,059,978</u></b>
Reserve for Encumbrances, December 31	<u>\$18,765</u>	<u>\$71,519</u>		<u>\$90,284</u>

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

**SAYBROOK TOWNSHIP  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPES -  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Non-Expendable Trust</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
Operating cash receipts:	_____	_____	_____
Operating cash disbursements:	_____	_____	_____
Operating income/(loss)	_____	_____	_____
Non-operating cash receipts:			
Other non-operating revenues	_____	\$3,674	\$3,674
Net receipts over/(under) disbursements		3,674	3,674
Fund cash balances, January 1, 2001	_____ 150	_____ 2,075	_____ 2,225
<b>Fund cash balances, December 31, 2001</b>	<b>_____ \$150</b>	<b>_____ \$5,749</b>	<b>_____ \$5,899</b>

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



**SAYBROOK 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, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$159,563	\$1,352,790		\$1,512,353
Intergovernmental	142,788	218,596		361,384
Special Assessments		43,209		43,209
Charges for Services		8,250		8,250
Licenses, Permits, and Fees	8,264	14,580		22,844
Fines, Forfeitures, and Penalties	2,250			2,250
Earnings on Investments	47,518	4,355		51,873
Other Revenue	12,454	19,196		31,650
	<u>372,837</u>	<u>1,660,976</u>		<u>2,033,813</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	225,578			225,578
Public Safety	479	716,530		717,009
Public Works	3,434	666,070		669,504
Health	55,853	19,703		75,556
Conservation - Recreation		37,464		37,464
Debt Service:				
Redemption of Principal		40,909		40,909
Interest and Fiscal Charges		2,218		2,218
Capital Outlay	18,255	325,322		343,577
	<u>303,599</u>	<u>1,808,216</u>		<u>2,111,815</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	<u>69,238</u>	<u>(147,240)</u>		<u>(78,002)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Notes		190,000		190,000
Transfers-In		5,000		5,000
Transfers-Out	(5,000)			(5,000)
Other Sources	235	3,800		4,035
	<u>(4,765)</u>	<u>198,800</u>		<u>194,035</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	64,473	51,560		116,033
Fund Cash Balances, January 1	<u>168,155</u>	<u>647,218</u>	<u>74</u>	<u>815,447</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$232,628</u></b>	<b><u>\$698,778</u></b>	<b><u>\$74</u></b>	<b><u>\$931,480</u></b>
Reserve for Encumbrances, December 31	<u>\$4,289</u>	<u>\$24,997</u>		<u>\$29,286</u>

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

**SAYBROOK TOWNSHIP  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPES-  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Non-Expendable Trust</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
Operating cash receipts:	_____	_____	_____
Operating cash disbursements:	_____	_____	_____
Operating income/(loss)	_____	_____	_____
Non-operating cash receipts:			
Other non-operating revenues	_____	\$89	\$89
Net receipts over/(under) disbursements		89	89
Fund cash balances, January 1, 2000	_____ 150	_____ 1,986	_____ 2,136
<b>Fund cash balances, December 31, 2000</b>	<b><u>150</u></b>	<b><u>2,075</u></b>	<b><u>2,225</u></b>

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

**SAYBROOK TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Saybrook Township, Ashtabula County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

**SAYBROOK TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Road and Bridge Fund - This fund receives property tax money to construct, maintain and repair Township roads and bridges.

*Gasoline Tax Fund* - This fund receives gasoline tax money to construct, maintain and repair Township roads.

*Fire District Fund* - This fund receives property tax money to provide fire protection and emergency medical services to the Township and the following communities (per agreement): Austinburg Township, Plymouth Township, and Sheffield Township.

*Special Assessment Fund* - This fund receives lighting assessment proceeds with the real estate tax settlements received from the county auditor.

**3. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital projects fund:

*Issue II Fund* - The Township received a grant from the State of Ohio for the Ninevah Road Rehabilitation Project. This project's local match was transacted through the Road and Bridge Fund.

**4. Fiduciary Funds (Trust and Agency Funds)**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

*Unclaimed Monies Fund* - This fund is used to account for outstanding, stale-dated checks which represent a legal debt of the Township.

*Cemetery Bequest Fund* - This fund is used to account for cemetery bequests.

**E. Budgetary Process**

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

**1. Appropriations**

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

**SAYBROOK TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

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

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

	2001	2000
Demand deposits	\$10,270	\$15,253
Savings Account	150	150
Total deposits	10,420	15,403
Investments:		
STAR Ohio	1,055,457	918,302
Total deposits and investments	\$1,065,877	\$933,705

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation

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

**SAYBROOK TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$510,300	\$563,029	\$52,729
Special Revenue	1,797,000	2,002,542	205,542
Capital Projects	140,000	66,000	(74,000)
Fiduciary	0	3,674	3,674
Total	<u>\$2,447,300</u>	<u>\$2,635,245</u>	<u>\$187,945</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$732,765	\$349,660	\$383,105
Special Revenue	2,467,447	2,177,622	289,825
Capital Projects	140,000	66,074	73,926
Fiduciary	2,225	0	2,225
Total	<u>\$3,342,437</u>	<u>\$2,593,356</u>	<u>\$749,081</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$243,290	\$373,072	\$129,782
Special Revenue	1,620,000	1,859,776	239,776
Capital Projects	175,000	0	(175,000)
Fiduciary	0	89	89
Total	<u>\$2,038,290</u>	<u>\$2,232,937</u>	<u>\$194,647</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$383,038	\$312,888	\$70,150
Special Revenue	2,191,069	1,833,213	357,856
Capital Projects	175,000	0	175,000
Fiduciary	150	0	150
Total	<u>\$2,749,257</u>	<u>\$2,146,101</u>	<u>\$603,156</u>

**SAYBROOK TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**6. RISK MANAGEMENT**

**Risk Pool Membership**

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

**A. Casualty Insurance**

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation. If losses exhaust OTARMA's retained earnings, APEEP covers

**SAYBROOK TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. RISK MANAGEMENT** (Continued)

OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000. Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, the Travelers Indemnity Company provides coverage in excess of \$10,000.

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 government.

**B. 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: (latest information available)

	<u>2001</u>	<u>1999</u>
<b>Casualty Coverage</b>		
Assets	\$22,684,383	\$18,172,222
Liabilities	<u>8,924,977</u>	<u>5,947,013</u>
Retained Earnings	<u>\$13,759,406</u>	<u>\$12,225,209</u>
<b>Property Coverage</b>		
Assets	\$4,156,784	\$3,544,437
Liabilities	<u>497,831</u>	<u>674,752</u>
Retained Earnings	<u>\$3,658,953</u>	<u>\$2,869,685</u>





STATE OF OHIO  
OFFICE OF THE AUDITOR

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Voinovich Government Center  
242 Federal Plaza West  
Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Saybrook Township  
Ashtabula County  
7247 Center Road  
Ashtabula, Ohio 44004

To the Board of Trustees:

We have audited the accompanying financial statements of Saybrook Township (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 5, 2002. 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.

**Compliance**

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 grants, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 5, 2002.

Saybrook Township  
Ashtabula County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 5, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**SAYBROOK 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  
MAY 9, 2002**