



**SAYBROOK TOWNSHIP
ASHTABULA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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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, OH 44004

To the Board of Trustees:

We have audited the accompanying financial statements of Saybrook Township, Ashtabula County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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, 1999 and 1998, 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 19, 2000 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.

This report is intended solely for the information and use of management, the Board of Trustees 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

April 19, 2000

Saybrook Township

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Local Taxes	\$130,553	\$1,277,463			\$1,408,016
Intergovernmental	168,487	208,389	\$65,500		442,376
Special Assessments		42,493			42,493
Charges for Services		29,500			29,500
Licenses, Permits, and Fees	8,542	14,825			23,367
Earnings on Investments	34,280	2,547			36,827
Other Revenue	1,804	18,158			19,962
Total Cash Receipts	<u>343,666</u>	<u>1,593,375</u>	<u>65,500</u>		<u>2,002,541</u>
Cash Disbursements:					
Current:					
General Government	210,355				210,355
Public Safety	489	671,694			672,183
Public Works	2,673	538,144	65,426		606,243
Health	52,272	16,226			68,498
Conservation - Recreation		65,917			65,917
Capital Outlay	40,102	106,452			146,554
Total Cash Disbursements	<u>305,891</u>	<u>1,398,433</u>	<u>65,426</u>		<u>1,769,750</u>
Total Receipts Over/(Under) Disbursements	<u>37,775</u>	<u>194,942</u>	<u>74</u>		<u>232,791</u>
Other Financing Receipts/(Disbursements):					
Other Sources	101	3,950		\$84	4,135
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>37,876</u>	<u>198,892</u>	<u>74</u>	<u>84</u>	<u>236,926</u>
Fund Cash Balances, January 1	130,280	448,326	0	1,902	580,508
Fund Cash Balances, December 31	<u>\$168,156</u>	<u>\$647,218</u>	<u>\$74</u>	<u>\$1,986</u>	<u>\$817,434</u>
Reserve for Encumbrances, December 31	<u>\$980</u>	<u>\$14,569</u>			<u>\$15,549</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Miscellaneous	
Total Operating Cash Receipts	
Operating Cash Disbursements:	
Capital Outlay	
Total Operating Cash Disbursements	
Operating Income/(Loss)	
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	
Total Non-Operating Cash Receipts	
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	
Total Non-Operating Cash Disbursements	
Excess of Receipts Over/(Under) Disbursements	
Fund Cash Balances, January 1	150
Fund Cash Balances, December 31	\$150

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Local Taxes	\$110,700	\$1,170,499			\$1,281,199
Intergovernmental	142,295	200,080			342,375
Special Assessments		42,259			42,259
Charges for Services		29,500			29,500
Licenses, Permits, and Fees	9,438	13,097			22,535
Earnings on Investments	33,091	3,793			36,884
Other Revenue	784	48,656			49,440
Total Cash Receipts	<u>296,308</u>	<u>1,507,884</u>			<u>1,804,192</u>
Cash Disbursements:					
Current:					
General Government	199,092				199,092
Public Safety	476	673,148			673,624
Public Works	2,455	644,310			646,765
Health	53,473	15,052			68,525
Human Services		61,242			61,242
Miscellaneous				\$98	98
Capital Outlay	18,542	49,991			68,533
Total Cash Disbursements	<u>274,038</u>	<u>1,443,743</u>		<u>98</u>	<u>1,717,879</u>
Total Receipts Over/(Under) Disbursements	<u>22,270</u>	<u>64,141</u>		<u>(98)</u>	<u>86,313</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		17,763			17,763
Transfers-Out			(17,763)		(17,763)
Other Sources	3,007	5,950			8,957
Total Other Financing Receipts/(Disbursements)	<u>3,007</u>	<u>23,713</u>	<u>(17,763)</u>		<u>8,957</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	25,277	87,854	(17,763)	(98)	95,270
Fund Cash Balances, January 1	105,003	360,472	17,763	2,000	485,238
Fund Cash Balances, December 31	<u>\$130,280</u>	<u>\$448,326</u>		<u>\$1,902</u>	<u>\$580,508</u>
Reserve for Encumbrances, December 31	\$341	\$11,565			\$11,906

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Miscellaneous	
Total Operating Cash Receipts	
Operating Cash Disbursements:	
Capital Outlay	
Total Operating Cash Disbursements	
Operating Income/(Loss)	
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	
Total Non-Operating Cash Receipts	
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	
Total Non-Operating Cash Disbursements	
Excess Receipts Over/(Under) Disbursements	
Fund Cash Balances, January 1	150
Fund Cash Balances, December 31	\$150

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

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 general governmental services, including 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

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. 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.

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:

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing 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): Ashtabula City, 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 Project 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 project fund:

Issue II Fund - The Township received a grant from the State of Ohio for the Sanborn, McNutt, Lucas - Storm Drain project.

4. Fiduciary Funds (Trust 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, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

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.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

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

A summary of 1999 and 1998 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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments 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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$71,100	\$29,945
Total deposits	71,100	29,945
STAR Ohio	746,484	550,713
Total investments	746,484	550,713
Total deposits and investments	\$817,584	\$580,658

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$225,000	\$343,767	\$118,767
Special Revenue	1,341,431	1,597,325	255,894
Capital Projects	120,000	65,500	(54,500)
Fiduciary	0	84	84
Total	\$1,686,431	\$2,006,676	\$320,245

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$323,646	\$306,871	\$16,775
Special Revenue	1,783,065	1,413,002	370,063
Capital Projects	120,000	65,426	54,574
Fiduciary	0	0	0
Total	\$2,226,711	\$1,785,299	\$441,412

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$282,482	\$299,315	\$16,833
Special Revenue	1,309,750	1,531,597	221,847
Capital Projects	0	0	0
Fiduciary	0	0	0
Total	\$1,592,232	\$1,830,912	\$238,680

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$342,352	\$274,379	\$67,973
Special Revenue	1,569,246	1,455,308	113,938
Capital Projects	17,763	17,763	0
Fiduciary	98	98	0
Total	\$1,929,459	\$1,747,548	\$181,911

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 Firemen's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF 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 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Township has obtained commercial insurance through the Ohio Township Association Risk Management Association (OTARMA) for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Township also provides health insurance and dental coverage to full-time employees through a private carrier.

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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
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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, OH 44004

To the Board of Trustees:

We have audited the accompanying financial statements of Saybrook Township, Ashtabula County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 19, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 19, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 19, 2000.

This report is intended 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

April 19, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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, 2000**