



**SOUTHINGTON TOWNSHIP
TRUMBULL COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SOUTHINGTON TOWNSHIP
TRUMBULL COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Non -Expendable Trust Fund – For the Year Ended December 31, 2000	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Non -Expendable Trust Fund – For the Year Ended December 31, 1999	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13

This page intentionally left blank.



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

REPORT OF INDEPENDENT ACCOUNTANTS

Southington Township
Trumbull County
P.O. Box 266
3419 State Route 534
Southington, Ohio 44470

To the Board of Trustees:

We have audited the accompanying financial statements of Southington Township, Trumbull County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. 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, 2000 and December 31, 1999, 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 June 11, 2001 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 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.

Jim Petro
Auditor of State

June 11, 2001

This page intentionally left blank.

**SOUTHINGTON TOWNSHIP
TRUMBULL 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$40,595	\$140,850		\$181,445
Intergovernmental	87,195	75,270		162,465
Licenses, Permits, and Fees	19,656	4,800		24,456
Earnings on Investments	5,788	749		6,537
Other Revenue	4,032	23,107		27,139
	<u>157,266</u>	<u>244,776</u>		<u>402,042</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	92,748			92,748
Public Safety		72,311		72,311
Public Works	29,336	123,098		152,434
Health	5,988	10,717		16,705
Debt Service:				
Redemption of Principal		25,791		25,791
Interest and Fiscal Charges		4,917		4,917
Capital Outlay	39,371			39,371
	<u>167,443</u>	<u>236,834</u>		<u>404,277</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(10,177)</u>	<u>7,942</u>		<u>(2,235)</u>
Other Financing Receipts/(Disbursements):				
Other Sources	631	4,200		4,831
	<u>631</u>	<u>4,200</u>		<u>4,831</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(9,546)	12,142		2,596
Fund Cash Balances, January 1	265,947	169,394	224	435,565
Fund Cash Balances, December 31	<u>\$256,401</u>	<u>\$181,536</u>	<u>\$224</u>	<u>\$438,161</u>
Reserve for Encumbrances, December 31	<u>\$46,938</u>	<u>\$81,482</u>		<u>\$128,420</u>

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

**SOUTHINGTON TOWNSHIP
TRUMBULL COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS AND CHANGES IN FUND CASH
BALANCES - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Non-Expendable Trust</u>
Operating cash receipts:	
Interest	90
Total operating cash receipts	90
Net receipts over disbursements	90
Fund cash balances, January 1, 2000	2,474
Fund cash balances, December 31, 2000	<u><u>\$2,564</u></u>

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

**SOUTHINGTON TOWNSHIP
TRUMBULL COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$33,765	\$133,082		\$166,847
Intergovernmental	96,585	78,320		174,905
Licenses, Permits, and Fees	14,400	2,225		16,625
Earnings on Investments	5,577	1,220		6,797
Other Revenue	931	24,488		25,419
				<hr/>
Total Cash Receipts	<u>151,258</u>	<u>239,335</u>		<u>390,593</u>
Cash Disbursements:				
Current:				
General Government	94,671			94,671
Public Safety		120,618		120,618
Public Works	1,710	124,686		126,396
Health	4,975	9,444		14,419
Debt Service:				
Redemption of Principal		24,333		24,333
Interest and Fiscal Charges		6,375		6,375
Capital Outlay	31,335			31,335
				<hr/>
Total Cash Disbursements	<u>132,691</u>	<u>285,456</u>		<u>418,147</u>
Total Receipts Over/(Under) Disbursements	<u>18,567</u>	<u>(46,121)</u>		<u>(27,554)</u>
Other Financing Receipts/(Disbursements):				
Other Sources	2,587	7,450		10,037
				<hr/>
Total Other Financing Receipts/(Disbursements)	<u>2,587</u>	<u>7,450</u>		<u>10,037</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	21,154	(38,671)		(17,517)
Fund Cash Balances, January 1	<u>244,793</u>	<u>208,065</u>	<u>224</u>	<u>453,082</u>
Fund Cash Balances, December 31	<u>\$265,947</u>	<u>\$169,394</u>	<u>\$224</u>	<u>\$435,565</u>
Reserve for Encumbrances, December 31	<u>\$42,542</u>	<u>\$16,976</u>		<u>\$59,518</u>

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

**SOUTHINGTON TOWNSHIP
TRUMBULL COUNTY**

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

	<u>Non-Expendable Trust</u>
Operating cash receipts:	
Interest	<u>90</u>
Total operating cash receipts	90
Net receipts over disbursements	90
Fund cash balances, January 1, 1999	<u>2,384</u>
Fund cash balances, December 31, 1999	<u><u>\$2,474</u></u>

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

**SOUTHINGTON TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Southington Township, Trumbull 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 paramedic 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

Certificates of deposit are valued at cost.

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:

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

Fire District Building and Equipment Fund - This fund receives tax distribution from the County Auditor.

**SOUTHINGTON TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Project Fund:

Capital Improvement Fund - This fund receives revenues by way of transfers of funds. These revenues are used for the general improvement and maintenance of the Township buildings.

4. Non-Expendable Trust Funds

These funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds where the principal must be kept intact, but the interest or income may be expended.

The Township had the following significant Non-Expendable Trust Fund:

Cemetery Bequest Fund: These revenues are used for the care and maintenance of cemetery plots.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

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 2000 and 1999 budgetary activity appears in Note 3.

**SOUTHINGTON TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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>2000</u>	<u>1999</u>
Demand deposits	\$420,725	\$409,039
Certificates of deposit	20,000	20,000
Total deposits	<u>\$440,725</u>	<u>\$429,039</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$136,070	\$157,897	\$21,827
Special Revenue	292,746	248,976	(43,770)
Capital Projects	0	0	0
Fiduciary	90	90	0
Total	<u>\$428,906</u>	<u>\$406,963</u>	<u>(\$21,943)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$429,982	\$214,381	\$215,601
Special Revenue	476,973	318,316	158,657
Capital Projects	224	0	224
Fiduciary	2,564	0	2,564
Total	<u>\$909,743</u>	<u>\$532,697</u>	<u>\$377,046</u>

**SOUTHINGTON TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$124,221	\$153,845	\$29,624
Special Revenue	219,782	246,785	27,003
Capital Project	0	0	0
Fiduciary	90	90	0
Total	<u>\$344,093</u>	<u>\$400,720</u>	<u>\$56,627</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$363,601	\$175,233	\$188,368
Special Revenue	426,060	302,432	123,628
Capital Projects	1,947	0	1,947
Fiduciary	2,474	0	2,474
Total	<u>\$794,082</u>	<u>\$477,665</u>	<u>\$316,417</u>

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.

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. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Equipment Lease - Fifth Third Leasing Co.	<u>\$56,309</u>	5.99%

The lease described above relates to a lease purchase agreement of a fire truck for \$222,490. The annual lease is through Fifth third Leasing Company for a period of seven years.

**SOUTHINGTON TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT (Continued)

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

<u>Year ending December 31:</u>	<u>Lease</u>
2001	\$30,708
2002	<u>30,708</u>
Total	<u><u>\$61,416</u></u>

6. RETIREMENT SYSTEMS

Township employees belong to PERS of Ohio. (PERS) is a cost-sharing, multiple employer plan. This plan provides retirement benefits, including post retirement 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. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% in 1999 and 10.84% in 2000 of participants gross salaries. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

This page intentionally left blank.



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

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

Southington Township
Trumbull County
P.O. Box 266
3419 State route 534
Southington, Ohio 44470

To the Board of Trustees:

We have audited the accompanying financial statements of Southington Township, Trumbull County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 11, 2001. 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 June 11, 2001.

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 June 11, 2001.

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

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.

Jim Petro
Auditor of State

June 11, 2001



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

SOUTHINGTON TOWNSHIP

TRUMBULL 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
JULY 3, 2001**