

Sagamore Hills Township Summit County

**Financial Statements
December 31, 2007 and 2006**



Mary Taylor, CPA

Auditor of State

Board of Trustees
Sagamore Hills Township
11551 Valley View Road
Sagamore Hills, Ohio 44067

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

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 12, 2008

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Sagamore Hills Township

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Independent Auditors' Report

Members of the Board of Trustees
Sagamore Hills Township

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

We conducted our audits 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 audits to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

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

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

Members of the Board of Trustees
Sagamore Hills Township, Ohio

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not express an opinion on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Cini & Panichi, Inc.

Cleveland, Ohio
March 31, 2008

Sagamore Hills Township

Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Types

For The Year Ended December 31, 2007

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash receipts:						
Local taxes	\$ 464,266	\$ 1,787,940	\$ -	\$ -	\$ -	\$ 2,252,206
Intergovernmental	586,064	391,846	-	-	-	977,910
Charges for services	58,058	415,381	-	-	-	473,439
Licenses, permits, and fees	17,195	-	-	-	-	17,195
Fines, forfeitures, and penalties	5,981	-	-	-	-	5,981
Earnings on investments	233,420	23,319	-	-	-	256,739
Other revenue	<u>10,665</u>	<u>67,338</u>	-	-	<u>320</u>	<u>78,323</u>
Total cash receipts	<u>1,375,649</u>	<u>2,685,824</u>	<u>-</u>	<u>-</u>	<u>320</u>	<u>4,061,793</u>
Cash disbursements:						
Current:						
General government	469,021	-	-	-	-	469,021
Public safety	187,718	1,345,352	-	-	-	1,533,070
Public works	-	873,978	-	-	-	873,978
Health	145,148	-	-	-	-	145,148
Conservation – recreation	6,009	-	-	-	-	6,009
Contract services	-	374,208	-	-	-	374,208
Supplies and materials	-	119,648	-	-	-	119,648
Miscellaneous	929	3,814	-	-	20,449	25,192
Capital Outlay	<u>138,157</u>	<u>164,922</u>	-	-	-	<u>303,079</u>
Total cash disbursements	<u>946,982</u>	<u>2,881,922</u>	<u>-</u>	<u>-</u>	<u>20,449</u>	<u>3,849,353</u>
Total cash receipts over/(under) cash disbursements	<u>428,667</u>	<u>(196,098)</u>	<u>-</u>	<u>-</u>	<u>(20,129)</u>	<u>212,440</u>
Other financing receipts/(disbursements):						
Transfers – In	-	35,000	-	15,360	-	50,360
Transfers – Out	(50,360)	-	-	-	-	(50,360)
Other sources	11,705	-	-	-	-	11,705
Other uses	-	(100,000)	-	-	-	(100,000)
Total other financing receipts/(disbursements)	<u>(38,655)</u>	<u>(65,000)</u>	<u>-</u>	<u>15,360</u>	<u>-</u>	<u>(88,295)</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	390,012	(261,098)	-	15,360	(20,129)	124,145
Fund cash balances, January 1	<u>2,602,912</u>	<u>1,353,431</u>	<u>39,378</u>	<u>92,484</u>	<u>96,257</u>	<u>4,184,462</u>
Fund cash balances, December 31	\$ <u>2,992,924</u>	\$ <u>1,092,333</u>	\$ <u>39,378</u>	\$ <u>107,844</u>	\$ <u>76,128</u>	\$ <u>4,308,607</u>
Reserve for encumbrances, December 31	\$ <u>24,045</u>	\$ <u>13,593</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>37,638</u>

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

Sagamore Hills Township

Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Types

For The Year Ended December 31, 2006

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash receipts:						
Local taxes	\$ 461,694	\$ 1,783,488	\$ -	\$ -	\$ -	\$ 2,245,182
Intergovernmental	564,689	384,300	-	107,843	-	1,056,832
Charges for services	58,437	144,045	-	-	-	202,482
Licenses, permits, and fees	22,325	-	-	-	-	22,325
Fines, forfeitures, and penalties	10,345	-	-	-	-	10,345
Earnings on investments	199,461	17,310	-	-	-	216,771
Other revenue	<u>26,302</u>	<u>66,346</u>	<u>-</u>	<u>-</u>	<u>40</u>	<u>92,688</u>
Total cash receipts	<u>1,343,253</u>	<u>2,395,489</u>	<u>-</u>	<u>107,843</u>	<u>40</u>	<u>3,846,625</u>
Cash disbursements:						
Current:						
General government	454,445	-	-	-	-	454,445
Public safety	65,203	1,363,235	-	-	-	1,428,438
Public works	-	410,043	-	-	-	410,043
Health	149,582	-	-	-	-	149,582
Conservation – recreation	5,891	-	-	-	-	5,891
Contract services	-	377,903	-	-	-	377,903
Supplies and materials	-	68,345	-	-	-	68,345
Miscellaneous	12,467	1,231	-	-	165	13,863
Capital outlay	<u>277,902</u>	<u>607,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>885,898</u>
Total cash disbursements	<u>965,490</u>	<u>2,828,753</u>	<u>-</u>	<u>-</u>	<u>165</u>	<u>3,794,408</u>
Total cash receipts over/(under) cash disbursements	<u>377,763</u>	<u>(433,264)</u>	<u>-</u>	<u>107,843</u>	<u>(125)</u>	<u>52,217</u>
Other financing receipts/(disbursements):						
Other sources	<u>33,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,024</u>
Total other financing receipts/(disbursements)	<u>33,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,024</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	410,787	(433,264)	-	107,843	(125)	85,241
Fund cash balances, January 1	<u>2,192,125</u>	<u>1,786,695</u>	<u>39,378</u>	<u>(15,359)</u>	<u>96,382</u>	<u>4,099,221</u>
Fund cash balances, December 31	\$ <u>2,602,912</u>	\$ <u>1,353,431</u>	\$ <u>39,378</u>	\$ <u>92,484</u>	\$ <u>96,257</u>	\$ <u>4,184,462</u>
Reserve for encumbrances, December 31	\$ <u>13,158</u>	\$ <u>89,136</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>102,294</u>

The accompanying notes are an integral part of these financial statements

Sagamore Hills Township

Notes to the Financial Statements

December 31, 2007 and 2006

Note 1: Summary of Significant Accounting Policies

A. Description of the Entity

Sagamore Hills Township, Summit County, Ohio, (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 government services, including rubbish removal, road and bridge maintenance, park operations, and police protection. The Township contracts with the Northfield Center Township's Fire Department to provide fire and ambulance 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 the 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. Certificates of deposit are valued at cost. The investment in STAR Ohio is valued at amounts reported by the State Treasurer. During 2007 and 2006, the Township also invested funds in short-term repurchase agreements through a cash management program offered by a local bank.

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.

Sagamore Hills Township

Notes to the Financial Statements (Continued)

December 31, 2007 and 2006

Note 1: Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

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 has the following significant Special Revenue Funds:
- *Police Special Levy Fund* - This fund receives property tax and intergovernmental revenue money to maintain the police department.
- *Road and Bridge Fund* - This fund receives property tax and intergovernmental revenue money to construct, maintain and repair Township roads and bridges.

3. Debt Service Funds

- The debt service fund is used to accumulate resources for the payment of bond and note indebtedness. The Township has the following Debt Service Fund:
- *General Bond-Note Retirement* - This fund receives property tax money to pay note debt.

4. 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 has the following Capital Projects Fund:
- *Capital Equipment* - This fund receives monies used for major capital equipment purchases.

5. Fiduciary Fund (Trust Fund)

- This fund is 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 has the following Fiduciary Fund:
- *Expendable Trust Fund* - This fund is used to account for faithful performance cash deposit bonds paid by contractors.

Sagamore Hills Township

Notes to the Financial Statements (Continued)

December 31, 2007 and 2006

Note 1: Summary of Significant Accounting Policies (continued)

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 level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve the annual appropriation measure and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

2. Estimated Resources

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

3. Encumbrances

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

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

F. Property, Plant and Equipment

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

G. Accumulated 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 Township's basis of accounting.

Sagamore Hills Township

Notes to the Financial Statements (Continued)

December 31, 2007 and 2006

Note 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:

	<u>2007</u>	<u>2006</u>
Demand deposits	\$ (326,393)	\$ (125,538)
Certificates of deposit	<u>1,200,000</u>	<u>1,200,000</u>
Total deposits	<u>873,607</u>	<u>1,074,462</u>
STAR Ohio	500,000	500,000
Repurchase agreement	<u>2,935,000</u>	<u>2,610,000</u>
Total investments	<u>3,435,000</u>	<u>3,110,000</u>
Total deposits and investments	\$ <u>4,308,607</u>	\$ <u>4,184,462</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.

Investments - The Township's agent holds securities collateralizing repurchase agreements. The securities are not in the Township's name.

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

Note 3: Budgetary Activity

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

<u>Fund Type</u>	<u>2007 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$ 1,291,528	\$ 1,387,354	\$ 95,826
Special revenue	2,673,652	2,720,824	47,172
Capital Projects	65,360	15,360	(50,000)
Expendable trust	-	320	320
Total	\$ <u>4,030,540</u>	\$ <u>4,123,858</u>	\$ <u>93,318</u>

Sagamore Hills Township

Notes to the Financial Statements (Continued)

December 31, 2007 and 2006

Note 3: Budgetary Activity (continued)

2007 Budgeted vs. Actual Budgetary Basis

Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 3,129,941	\$ 1,021,387	\$ 2,108,554
Special revenue	3,944,136	2,995,515	948,621
Debt service	35,000	-	35,000
Capital projects	40,000	-	40,000
Expendable trust	78,600	20,449	58,151
Total	\$ <u>7,227,677</u>	\$ <u>4,037,351</u>	\$ <u>3,190,326</u>

2006 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,098,515	\$ 1,376,277	\$ 277,762
Special revenue	2,299,732	2,395,489	95,757
Capital projects	-	107,843	107,843
Expendable trust	50	40	(10)
Total	\$ <u>3,398,297</u>	\$ <u>3,879,649</u>	\$ <u>481,352</u>

2006 Budgeted vs. Actual Budgetary Basis

Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 3,136,773	\$ 978,648	\$ 2,158,125
Special revenue	3,999,058	2,917,889	1,081,169
Capital projects	77,414	-	77,414
Internal service	83,750	165	83,585
Total	\$ <u>7,296,995</u>	\$ <u>3,896,702</u>	\$ <u>3,400,293</u>

Note 4: Property Tax

Real property taxes become a lien on January 1 proceeding 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 payments 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.

Sagamore Hills Township

Notes to the Financial Statements (Continued)

December 31, 2007 and 2006

Note 4: Property Tax (continued)

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

Note 5: Debt

There was no debt outstanding at December 31, 2006 or December 31, 2007.

Note 6: Retirement Systems

The Township's Police Officers 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 2007 and 2006, members of OP&F participants contributed 10.1% of their wages. The Township contributed an amount equal to 17.17% and 16.93% of their wages to OP&F in 2007 and 2006, respectively. PERS members contributed 9.5% and 9% of their gross salaries for 2007 and 2006, respectively. The Township contributed an amount equal to 13.85% and 13.70% of participants' gross salaries for 2007 and 2006, respectively. The Township has paid all contributions required through December 31, 2007.

Note 7: Risk Management

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health, dental, and vision coverage to full-time employees through a commercial insurance provider. There were no reductions in insurance coverage from the previous year, nor have settlements exceeded insurance coverage in any of the prior three fiscal years.

Sagamore Hills Township

Notes to the Financial Statements (Continued)

December 31, 2007 and 2006

Note 8: Jointly Governed Organizations

The North Hills Water District (the District) is a jointly governed organization established to provide for the construction and maintenance of water transmission lines to residents of Northfield Center Township and Sagamore Hills Township. The seven member board consists of three members appointed by each Township with one member appointed alternately by the Townships. The District's Board exercises total control over District operations, including budgeting, appropriating, contracting and hiring personnel. All of the District's revenues are derived from property taxes assessed on the property of Township residents. The City of Cleveland provides water service to Township residents and bills them for the water service. Financial information can be obtained by writing to the North Hills Water District, 253 West Aurora Road, Northfield Center, Ohio 44067.

The Summit Council of Governments (Council) is a statutorily created political subdivision of Ohio. The Council is jointly governed among municipalities and townships located in Summit County. Each members' control over the operation of the Council is limited to its representation on the Board which consists of 27 members. The Board exercises total control over Council operations.

The Summit County Regional Planning Commission (Commission) is a statutorily created political subdivision of Ohio. The Commission is jointly governed among municipalities and townships located in Summit County. Each member's control over the operation of the Commission is limited to its representation on the Board which consists of 48 members. The Board exercises total control over Commission operations.

Note 9: Contingent Liabilities

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

Note 10: Compliance

Ohio Revised Code 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Sagamore Hills Township

Notes to the Financial Statements (Continued)

December 31, 2007 and 2006

Note 10: Compliance (continued)

At December 31, 2007, the following funds had final appropriations in excess of estimated resources plus carryover balances in violation of Section 5705.39, Ohio Revised Code:

	<u>Estimated Resources Plus</u> <u>Carryover Balances</u>		<u>Final</u> <u>Appropriations</u>		<u>Excess</u>
Special Revenue Funds:					
Motor Vehicle Tax Fund	\$ 33,238	\$	44,000	\$	10,752
Road & Bridge Fund	1,154,547		1,336,048		181,501
Explorer Post Fund	3,400		4,500		1,100
Police Special Levy Fund	1,692,758		1,702,842		10,084
Drug Enforcement Fund	1,440		2,000		560
Capital Projects Fund:					
OWPC-Holzhauer/82					
Intersection Improvement Fund	15,360		40,000		24,640

At December 31, 2006, the following funds had final appropriations in excess of estimated resources plus carryover balances in violation of Section 5705.39, Ohio Revised Code:

	<u>Estimate Resources Plus</u> <u>Carryover Balances</u>		<u>Final</u> <u>Appropriations</u>		<u>Excess</u>
Special Revenue Fund:					
Road and Bridge Fund	\$ 1,343,733	\$	1,363,000	\$	19,267
Law Enforcement Education Fund	4,023		4,500		477
Permissive License Fund	283,954		300,000		16,046
Capital Projects Fund:					
OWPC-Holzhauer/82					
Intersection Improvement Fund	-		27,414		27,414
Natureworks Fund	-		50,000		50,000
Fiduciary Fund:					
Expendable Trust Fund	-		83,000		83,000

**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***

Members of the Board of Trustees
Sagamore Hills Township, Ohio

We have audited the financial statements of the Township of Sagamore Hills, Ohio (the “Township”) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated March 31, 2008, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township’s internal control over financial reporting 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 caused by error or fraud 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 March 31, 2008.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 06-01 and 07-01. We also noted a certain immaterial instance of noncompliance that we have reported to Management of the Township in a separate letter dated March 31, 2008.

Members of the Board of Trustees
Sagamore Hills Township, Ohio

This report is intended solely for the information and use of the Township Council, Township Management, and the Auditor of State's Office and is not intended to be and should not be used by anyone other than these specified parties.

Cini & Parichi, Inc.

Cleveland, Ohio
March 31, 2008

Sagamore Hills Township

Schedule of Findings

For the Years Ended December 31, 2007 and 2006

Findings Related to the Financial Statements Required To Be Reported In Accordance With GAGAS

06-01	<p>Per ORC Section 5705.39 the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.</p> <p>In 2006, the Road and Bridge Special Revenue Fund, the Law Enforcement Education Special Revenue Fund, the Permissive License Special Revenue Fund, the OWPC-Holzauer/82 Intersection Improvement Capital Projects Fund, the Natureworks Capital Projects Fund and the Fiduciary Fund had appropriations that were greater than the Certificate of Estimated Resources by an aggregate total of \$19,267, \$477, \$16,046, \$27,414, \$50,000 and \$83,000, respectfully.</p>
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07-01	<p>Per ORC Section 5705.39 the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.</p> <p>In 2007, the Motor Vehicle Tax Special Revenue Fund, the Road and Bridge Special Revenue Fund, Explorer Post Special Revenue Fund, The Police Special Levy Special Revenue Fund, the Drug Enforcement Special Revenue Fund and the OWPC-Holzauer/82 Intersection Improvement Capital Projects Fund had appropriations that were greater than the Certificate of Estimated Resources by an aggregate total of \$10,762, \$181,501, \$1,100, \$10,084, \$560 and \$24,640, respectfully.</p>
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Sagamore Hills Township

Schedule of Prior Audit Findings

For the Years Ended December 31, 2007 and 2006

05-01	<p>Ohio Revised Code 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.</p> <p>At December 31, 2005, the Township had expenditures plus encumbrances in excess of appropriations as follows: The OPWC-Holzauer 82/Intersection Improvement Capital Projects Fund had total budgetary expenditures that exceeded appropriations by \$122,360.</p>
05-02	<p>Ohio Revised Cod 5705.10 states that money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.</p> <p>In 2005, the OPWC- Holzauer 82/Intersection Improvement Capital Projects Fund had a negative cash balance of \$15,359, indicating that revenues form other sources were used to pay obligations of this fund.</p>

04-01	<p>Per ORC Section 5705.39 the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.</p> <p>In 2004, the Capital Equipment Fund had appropriations that were greater than the Certificate of Estimated Resources by \$19,999.</p>
04-02	<p>Ohio Revised Code 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.</p> <p>At December 31, 2004, the Township had expenditures plus encumbrances in excess of appropriations as follows: The OPWC-Holzauer 82/Intersection Improvement Capital Projects Fund had total budgetary expenditures that exceeded appropriations by \$79,566.</p>

Response to Findings Associated With
 Audit Conducted In Accordance With
Government Auditing Standards
 For The Years Ended December 31, 2007 and 2006

Finding Number	Planned Correction Action	Completion Date	Contact Person
06-01	The Township will monitor appropriations to ensure that they do not exceed estimated resources.	N/A	Laura Angelici Township Clerk
07-01	The Township will monitor appropriations to ensure that they do not exceed estimated resources.	N/A	Laura Angelici Township Clerk



Mary Taylor, CPA
Auditor of State

SAGAMORE HILLS TOWNSHIP

SUMMIT 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 22, 2008**