



**NEW LYME 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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REPORT OF INDEPENDENT ACCOUNTANTS

New Lyme Township
Ashtabula County
4949 Day Road
Jefferson, OH 44047

To the Board of Trustees:

We have audited the accompanying financial statements of New Lyme 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 June 8, 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 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

June 8, 2000

**NEW LYME TOWNSHIP
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>	
Cash Receipts:			
Local Taxes	\$30,758	\$59,733	\$90,491
Intergovernmental	33,169	68,295	101,464
Licenses, Permits, and Fees	285	2,315	2,600
Earnings on Investments	1,174	904	2,078
Other Revenue	1,385	75	1,460
	<u>66,771</u>	<u>131,322</u>	<u>198,093</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	35,335		35,335
Public Safety		14,274	14,274
Public Works		89,321	89,321
Health	8,591	278	8,869
Capital Outlay	8,879	33,241	42,120
	<u>52,805</u>	<u>137,114</u>	<u>189,919</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>13,966</u>	<u>(5,792)</u>	<u>8,174</u>
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets	100		100
Other Sources	1,443		1,443
	<u>1,543</u>		<u>1,543</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	15,509	(5,792)	9,717
Fund Cash Balances, January 1	<u>22,907</u>	<u>74,077</u>	<u>96,984</u>
Fund Cash Balances, December 31	<u>\$38,416</u>	<u>\$68,285</u>	<u>\$106,701</u>

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

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

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$22
Total Operating Cash Receipts	22
Operating Cash Disbursements:	
Supplies and Materials	8
Total Operating Cash Disbursements	8
Operating Income/(Loss)	14
Fund Cash Balances, January 1	1,103
Fund Cash Balances, December 31	\$1,117

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

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$30,943	\$57,567		\$88,510
Intergovernmental	13,183	64,162		77,345
Licenses, Permits, and Fees	330	2,220		2,550
Earnings on Investments	804	706		1,510
Other Revenue	1,826	1,255		3,081
	<u>47,086</u>	<u>125,910</u>		<u>172,996</u>
Cash Disbursements:				
Current:				
General Government	33,061			33,061
Public Safety	8,313	12,227		20,540
Public Works		65,217		65,217
Health		777		777
Debt Service:				
Redemption of Principal			10,805	10,805
Interest and Fiscal Charges			580	580
Capital Outlay		3,427		3,427
	<u>41,374</u>	<u>81,648</u>	<u>11,385</u>	<u>134,407</u>
Total Receipts Over/(Under) Disbursements	<u>5,712</u>	<u>44,262</u>	<u>(11,385)</u>	<u>38,589</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		105	11,385	11,490
Transfers-Out	(105)	(11,385)		(11,490)
Other Sources	1,601			1,601
	<u>1,496</u>	<u>(11,280)</u>	<u>11,385</u>	<u>1,601</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	7,208	32,982		40,190
Fund Cash Balances, January 1	<u>15,699</u>	<u>41,095</u>		<u>56,794</u>
Fund Cash Balances, December 31	<u>\$22,907</u>	<u>\$74,077</u>		<u>\$96,984</u>

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

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

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$23
Total Operating Cash Receipts	23
Operating Cash Disbursements:	
Supplies and Materials	7
Total Operating Cash Disbursements	7
Operating Income/(Loss)	16
Fund Cash Balances, January 1	1,087
Fund Cash Balances, December 31	\$1,103

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

New Lyme 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 contracts with Rome Township to provide fire 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

Nonexpendable trust funds are held in the form of savings accounts (a passbook savings account and a regular statement savings account). Savings accounts are valued at the amounts reported by the bank.

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:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds (Continued)

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

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

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township used a Debt Service Fund in 1998 to repay a tractor and backhoe note.

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 two fiduciary (nonexpendable trust) funds: Hyde Bequest and J.H. Bower Bequest.

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 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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 canceled, and reappropriated in the subsequent year.

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.

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

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 at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$107,818	\$98,087

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, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$61,176	\$68,314	\$7,138
Special Revenue	117,422	131,322	13,900
Fiduciary	23	22	(1)
Total	<u>\$178,621</u>	<u>\$199,658</u>	<u>\$21,037</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$69,225	\$52,805	\$16,420
Special Revenue	191,456	137,114	54,342
Fiduciary	200	8	192
Total	<u>\$260,881</u>	<u>\$189,927</u>	<u>\$70,954</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,500	\$46,687	\$14,187
Special Revenue	114,620	126,015	11,395
Debt Service	11,403	11,385	(18)
Fiduciary	24	23	(1)
Total	<u>\$158,547</u>	<u>\$184,110</u>	<u>\$25,563</u>

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$45,500	\$41,479	\$4,021
Special Revenue	149,523	93,033	56,490
Debt Service	11,503	11,385	118
Fiduciary	65	7	58
Total	\$206,591	\$145,904	\$60,687

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

Employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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, 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 for

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

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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

New Lyme Township
Ashtabula County
4949 Day Road
Jefferson, Ohio 44047

To the Board of Trustees:

We have audited the accompanying financial statements of New Lyme 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 June 8, 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*.

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 one matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 8, 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

June 8, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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NEW LYME 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
JUNE 27, 2000**