



**Auditor of State
Betty Montgomery**

**SOUTHINGTON TOWNSHIP
TRUMBULL COUNTY**

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**Auditor of State
Betty Montgomery**

REPORT OF INDEPENDENT ACCOUNTANTS

Southington Township
Trumbull County
3419 ST RT 534
Southington, Ohio 44470

To the Board of Trustees:

We have audited the accompanying financial statements of Southington Township (the Township) as of and for the years ended December 31, 2002 and December 31, 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2002 and December 31, 2001, 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 March 12, 2003 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.

Southington Township
Trumbull County
Report of Independent Accountants
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This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 12, 2003

**SOUTHINGTON TOWNSHIP
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types			Proprietary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Non-Expendable Trust	
Cash Receipts:					
Local Taxes	\$42,313	\$145,085	\$0	\$0	\$187,398
Intergovernmental	103,328	77,795			181,123
Licenses, Permits, and Fees	23,508	3,700			27,208
Earnings on Investments	2,845	380		90	3,315
Other Revenue	2,005	59,323			61,328
Total Cash Receipts	<u>173,999</u>	<u>286,283</u>	<u>0</u>	<u>90</u>	<u>460,372</u>
Cash Disbursements:					
Current:					
General Government	113,273				113,273
Public Safety		119,002			119,002
Public Works	1,714	165,400			167,114
Health	6,313	14,086			20,399
Human Services	240				240
Capital Outlay	109,089				109,089
Total Cash Disbursements	<u>230,629</u>	<u>298,488</u>	<u>0</u>	<u>0</u>	<u>529,117</u>
Total Receipts Over/(Under) Disbursements	<u>(56,630)</u>	<u>(12,205)</u>	<u>0</u>	<u>90</u>	<u>(68,745)</u>
Other Financing Receipts and (Disbursements):					
Other Sources	1,073	4,100			5,173
Total Other Financing Receipts/(Disbursements)	<u>1,073</u>	<u>4,100</u>	<u>0</u>	<u>0</u>	<u>5,173</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(55,557)	(8,105)	0	90	(63,572)
Fund Cash Balances, January 1	<u>303,655</u>	<u>179,401</u>	<u>224</u>	<u>2,654</u>	<u>485,934</u>
Fund Cash Balances, December 31	<u>\$248,098</u>	<u>\$171,296</u>	<u>\$224</u>	<u>\$2,744</u>	<u>\$422,362</u>
Reserve for Encumbrances, December 31	<u>\$13,177</u>	<u>\$18,807</u>	<u>\$0</u>	<u>\$0</u>	<u>\$31,984</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 AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			Proprietary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Non-Expendable Trust	
Cash Receipts:					
Local Taxes	\$41,183	\$142,718	\$0	\$0	\$183,901
Intergovernmental	169,422	76,076	44,328		289,826
Licenses, Permits, and Fees	14,785	3,500			18,285
Earnings on Investments	5,501	541		90	6,132
Other Revenue	12,345	65,808			78,153
Total Cash Receipts	243,236	288,643	44,328	90	576,297
Cash Disbursements:					
Current:					
General Government	126,596				126,596
Public Safety		166,812			166,812
Public Works	26,703	119,843			146,546
Health	6,078	9,300			15,378
Capital Outlay	39,512		45,551		85,063
Total Cash Disbursements	198,889	295,955	45,551	0	540,395
Total Receipts Over/(Under) Disbursements	44,347	(7,312)	(1,223)	90	35,902
Other Financing Receipts and (Disbursements):					
Other Sources	2,906	6,400			9,306
Total Other Financing Receipts/(Disbursements)	2,906	6,400	0	0	9,306
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	47,253	(912)	(1,223)	90	45,208
Fund Cash Balances, January 1	256,402	180,313	1,447	2,564	440,726
Fund Cash Balances, December 31	\$303,655	\$179,401	\$224	\$2,654	\$485,934
Reserve for Encumbrances, December 31	\$12,026	\$9,624	\$0	\$0	\$21,650

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

**SOUTHINGTON TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

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 emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are 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 sales are recorded as receipts or disbursements, respectively.

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:

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

**SOUTHINGTON TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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 Building and Equipment Fund - This fund receives tax distribution 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 to repave Leiby Osborne Road.

4. Non-Expendable Trust Funds

These funds are used to account for assets restricted by legally binding trust agreements.

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 (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.

**SOUTHINGTON TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and 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:

	2002	2001
Demand deposits	\$402,362	\$465,934
Certificates of deposit	20,000	20,000
Total deposits	422,362	485,934

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, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$150,698	\$175,072	\$24,374
Special Revenue	290,856	290,383	(473)
Capital Projects	0	0	0
Fiduciary	90	90	0
Total	\$441,644	\$465,545	\$23,901

**SOUTHINGTON TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY – (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$454,352	\$243,806	\$210,546
Special Revenue	470,189	317,295	152,894
Capital Projects	224	0	224
Fiduciary	1,200	0	1,200
Total	\$925,965	\$561,101	\$364,864

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$195,766	\$246,142	\$50,376
Special Revenue	280,750	295,043	14,293
Capital Projects	49,990	44,328	(5,662)
Fiduciary	90	90	0
Total	\$526,596	\$585,603	\$59,007

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$452,139	\$210,915	\$241,224
Special Revenue	459,987	305,579	154,408
Capital Projects	51,437	45,551	5,886
Fiduciary	0	0	0
Total	\$963,563	\$562,045	\$401,518

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.

**SOUTHINGTON TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. 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 2002 and 2001, 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, 2002.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

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**Auditor of State
Betty Montgomery**

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

Southington Township
Trumbull County
3419 ST RT 534, P.O. Box 266
Southington, Ohio 44470

To the Board of Trustees:

We have audited the accompanying financial statements of Southington Township (the Township) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated March 12, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 12, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 12, 2003.

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 solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 12, 2003



**Auditor of State
Betty Montgomery**

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800-282-0370

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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
MAY 27, 2003**