



**VILLAGE OF PENINSULA
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF PENINSULA
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Peninsula
Summit County
1582 Main Street
P.O. Box 177
Peninsula, Ohio 44264-0177

To the Village Council:

We have audited the accompanying financial statements of the Village of Peninsula, Summit County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village 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 Village 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 23, 2000 on our consideration of the Village'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 Village Council 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 23, 2000

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

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$340,615	\$65,798			\$406,413
Intergovernmental Receipts	164,494	51,565			216,059
Charges for Services	9,522	157			9,679
Fines, Licenses, and Permits	76,533	10,138			86,671
Miscellaneous	29,620	3,029		\$5,000	37,649
Total Cash Receipts	620,784	130,687		5,000	756,471
Cash Disbursements:					
Current:					
Security of Persons and Property	263,757	31,076			294,833
Public Health Services	5,438			5,000	10,438
Leisure Time Activities	150				150
Community Environment	3,340				3,340
Basic Utility Services	253				253
Transportation	33,878	112,263			146,141
General Government	190,879	8,409			199,288
Capital Outlay	41,435	49,250	\$122,230		212,915
Total Cash Disbursements	539,130	200,998	122,230	5,000	867,358
Total Cash Receipts Over/(Under) Cash Disbursements	81,654	(70,311)	(122,230)	0	(110,887)
Other Financing Receipts/(Disbursements):					
Advances-In			122,360		122,360
Other Sources	56				56
Advances-Out	(122,360)				(122,360)
Total Other Financing Receipts/(Disbursements)	(122,304)		122,360		56
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(40,650)	(70,311)	130	0	(110,831)
Fund Cash Balances, January 1	514,430	176,088	5,435	0	695,953
Fund Cash Balances, December 31	\$473,780	\$105,777	\$5,565	\$0	\$585,122
Reserves for Encumbrances, December 31	\$42,590	\$33,642	\$9,082	\$0	85,314

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

**VILLAGE OF PENINSULA
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Agency
Non-Operating Cash Receipts:	
Other Non-Operating Cash Receipts	\$114,869
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	105,123
Net Cash Receipts Over Cash Disbursements	9,746
Fund Cash Balances, January 1	50
Fund Cash Balances, December 31	\$9,796
Reserve for Encumbrances, December 31	\$0

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

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$242,328	\$59,517	\$13,495	\$315,340
Intergovernmental Receipts	150,903	53,543		204,446
Charges for Services	47,144	1,727		48,871
Fines, Licenses, and Permits	88,144	12,452		100,596
Miscellaneous	22,646	3,108		25,754
	<u>551,165</u>	<u>130,347</u>	<u>13,495</u>	<u>695,007</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	287,336	7,605		294,941
Public Health Services	5,660			5,660
Leisure Time Activities	900			900
Community Environment	1,419			1,419
Basic Utility Services	1,300			1,300
Transportation	38,727	40,581		79,308
General Government	185,880	7,310		193,190
Capital Outlay	67,004	22,852	4,076	93,932
	<u>588,226</u>	<u>78,348</u>	<u>4,076</u>	<u>670,650</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(37,061)</u>	<u>51,999</u>	<u>9,419</u>	<u>24,357</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			1,798	1,798
Advances-In	14,509			14,509
Other Sources	231			231
Transfers-Out	(1,798)			(1,798)
Advances-Out			(14,509)	(14,509)
	<u>12,942</u>	<u>0</u>	<u>(12,711)</u>	<u>231</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(24,119)	51,999	(3,292)	24,588
Fund Cash Balances, January 1	538,549	124,089	8,727	671,365
Fund Cash Balances, December 31	<u>\$514,430</u>	<u>\$176,088</u>	<u>\$5,435</u>	<u>\$695,953</u>
Reserves for Encumbrances, December 31	<u>\$53,583</u>	<u>\$27,306</u>	<u>\$0</u>	<u>80,889</u>

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

**VILLAGE OF PENINSULA
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Agency
Non-Operating Cash Receipts:	
Other Non-Operating Cash Receipts	\$137,780
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	137,780
Net Cash Receipts Over Cash Disbursements	0
Fund Cash Balances, January 1	50
Fund Cash Balances, December 31	\$50
Reserve for Encumbrances, December 31	\$0

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Peninsula, Summit County, Ohio, (the Village) 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 Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including park operations (leisure time activities) and police services. The Village contracts with Summit Valley Fire District to provide fire protection and emergency medical services.

The Village's management believes these financial statements present all activities for which the Village 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

Certificates of deposit are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village 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 Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village roads and bridges.

Road Levy Fund - This fund receives tax proceeds from a special road levy to provide for road repairs and maintenance within the Village.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds (continued)

Motor Vehicle License Tax Fund - This fund receives money from a tax on motor vehicle license fees for repair and maintenance of the roads within the Village.

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 Village had the following significant Capital Projects Funds:

Riverview Road Fund - This fund receives Community Development Block Grant monies and is used for the Riverview Road Improvement project.

4. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Other Expendable Trust Fund - This expendable trust fund is used to account for donations received from Zampelli Construction Company to provide assistance to low income citizens.

Mayor's Court Fund - This agency fund is used to account for the activity of the Village's Mayor's Court.

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 Council 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay 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 cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 231,339	\$ 349,749
Certificates of deposit	<u>363,579</u>	<u>346,254</u>
Total deposits	<u>\$ 594,918</u>	<u>\$ 696,003</u>

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

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 506,126	\$ 620,840	\$ 114,714
Special Revenue	171,905	130,687	(41,218)
Capital Projects	112,000	122,360	10,360
Fiduciary	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total	<u>\$ 795,031</u>	<u>\$ 878,887</u>	<u>\$ 83,856</u>

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,020,556	\$ 704,080	\$ 316,476
Special Revenue	347,993	234,640	113,353
Capital Projects	135,774	131,312	4,462
Fiduciary	5,000	5,000	0
Total	\$ 1,509,323	\$ 1,075,032	\$ 434,291

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 634,393	\$ 565,905	\$ (68,488)
Special Revenue	163,747	130,347	(33,400)
Capital Projects	15,377	15,293	(84)
Total	\$ 813,517	\$ 711,545	\$ (101,972)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,125,186	\$ 643,607	\$ 481,579
Special Revenue	270,774	105,654	165,120
Capital Projects	9,595	18,585	(8,990)
Total	\$ 1,405,555	\$ 767,846	\$ 637,709

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. 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 Village.

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 Village.

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

5. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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

7. CONTINGENT LIABILITIES

The Village is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. 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.

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

Village of Peninsula
Summit County
1582 Main Street
P.O. Box 177
Peninsula, Ohio 44264-0177

To the Village Council:

We have audited the accompanying financial statements of the Village of Peninsula, Summit County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 23, 2000. We conducted our audits 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 Village'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 audits 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 a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated June 23, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Village'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 a matter involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 23, 2000.

This report is intended for the information and use of management and Village Council, 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 stylized with a large, sweeping loop at the end.

Jim Petro
Auditor of State

June 23, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF PENINSULA

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
AUGUST 1, 2000**