



**BROWNHELM TOWNSHIP
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Governmental Fund Types – For the Year Ended December 31, 1999	3
Statement of Cash Receipts, Cash Disbursements and Fund Cash Balances – Fiduciary Fund – For the Year Ended December 31, 1999	4
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, 1998	5
Statement of Cash Receipts, Cash Disbursements and Fund Cash Balances – Fiduciary Fund – For the Year Ended December 31, 1998	6
Notes to the Financial Statements	7
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13

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REPORT OF INDEPENDENT ACCOUNTANTS

Brownhelm Township
Lorain County
1940 North Ridge Road
Vermilion, Ohio 44089

To the Board of Trustees:

We have audited the accompanying financial statements of Brownhelm Township, Lorain County, Ohio, (Township) as of and for the years ended December 31, 1999 and December 31, 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 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 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 Brownhelm Township, Lorain County, as of December 31, 1999 and December 31, 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 March 14, 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 of Trustees and other officials authorized to receive this report under Section 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

March 14, 2000

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Taxes	\$128,703	\$48,483	\$0	\$177,186
Intergovernmental	133,960	80,602	70,295	\$284,857
Licenses, Permits, and Fees	9,068	4,250	0	\$13,318
Earnings on Investments	1,100	162	0	\$1,262
Other Revenue	0	378	0	378
Total Cash Receipts	<u>272,831</u>	<u>133,875</u>	<u>70,295</u>	<u>477,001</u>
Cash Disbursements:				
Current:				
General Government	79,229	0	0	79,229
Public Safety	33,916	0	0	33,916
Public Works	82,289	117,849	0	200,138
Health	3,500	3,201	0	6,701
Conservation - Recreation	3,381	0	0	3,381
Capital Outlay	566	29,100	100,239	129,905
Total Cash Disbursements	<u>202,881</u>	<u>150,150</u>	<u>100,239</u>	<u>453,270</u>
Total Receipts Over/(Under) Disbursements	<u>69,950</u>	<u>(16,275)</u>	<u>(29,944)</u>	<u>23,731</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	4,736	29,944	34,680
Transfers-Out	(34,680)	0	0	(34,680)
Total Other Financing Receipts/(Disbursements)	<u>(34,680)</u>	<u>4,736</u>	<u>29,944</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>35,270</u>	<u>(11,539)</u>	<u>0</u>	<u>23,731</u>
Fund Cash Balances, January 1	<u>87,952</u>	<u>105,308</u>	<u>0</u>	<u>193,260</u>
Fund Cash Balances, December 31	<u><u>\$123,222</u></u>	<u><u>\$93,769</u></u>	<u><u>\$0</u></u>	<u><u>\$216,991</u></u>
Reserve for Encumbrances, December 31	<u><u>\$5,817</u></u>	<u><u>\$5,390</u></u>	<u><u>\$0</u></u>	<u><u>\$11,207</u></u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND FUND CASH BALANCES - FIDUCIARY FUND -
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Agency
Operating Receipts:	
Other	23,088
Total Operating Receipts	\$23,088
Operating Disbursements:	
Personal Services	23
Purchased Services	728
Other	23,106
Total Operating Disbursements	23,857
Operating Income/(Loss)	(769)
Non-operating Receipts and (Disbursements):	
Licenses, Permits and Fees	632
Total Non-operating Receipts and (Disbursements):	632
Net Receipts Over/Under Disbursements	(137)
Fund Balances, January 1	1,185
Fund Balances, December 31	\$1,048

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
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>Capital Projects</u>	
Cash Receipts:				
Taxes	\$124,607	\$45,806	\$0	\$170,413
Intergovernmental	65,115	69,006	0	134,121
Licenses, Permits, and Fees	7,389	3,890	0	11,279
Earnings on Investments	2,205	304	0	2,509
Other Revenue	2,579	78	0	2,657
Total Cash Receipts	<u>201,895</u>	<u>119,084</u>	<u>0</u>	<u>320,979</u>
Cash Disbursements:				
Current:				
General Government	80,171	0	0	80,171
Public Safety	25,270	0	0	25,270
Public Works	15,596	89,406	0	105,002
Health	3,172	2,966	0	6,138
Capital Outlay	32,812	24,285	4,746	61,843
Total Cash Disbursements	<u>157,021</u>	<u>116,657</u>	<u>4,746</u>	<u>278,424</u>
Total Receipts Over/(Under) Disbursements	<u>44,874</u>	<u>2,427</u>	<u>(4,746)</u>	<u>42,555</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	31,832	0	31,832
Transfers-Out	(31,832)	0	0	(31,832)
Total Other Financing Receipts/(Disbursements)	<u>(31,832)</u>	<u>31,832</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>13,042</u>	<u>34,259</u>	<u>(4,746)</u>	<u>42,555</u>
Fund Cash Balances, January 1	<u>74,910</u>	<u>71,049</u>	<u>4,746</u>	<u>150,705</u>
Fund Cash Balances, December 31	<u>\$87,952</u>	<u>\$105,308</u>	<u>\$0</u>	<u>\$193,260</u>
Reserve for Encumbrances, December 31	<u>\$132</u>	<u>\$0</u>	<u>\$0</u>	<u>\$132</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND FUND CASH BALANCES - FIDUCIARY FUND -
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Agency
Operating Receipts:	
Other	1,750
Total Operating Receipts	\$1,750
Operating Disbursements:	
Personal Services	91
Purchased Services	1,670
Other	1,777
Total Operating Disbursements	3,538
Operating Income/(Loss)	(1,788)
Non-operating Receipts and (Disbursements):	
Licenses, Permits and Fees	1,582
Total Non-operating Receipts and (Disbursements):	1,582
Net Receipts Over/Under Disbursements	(206)
Fund Balances, January 1	1,391
Fund Balances, December 31	\$1,185

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Brownhelm Township, Lorain County, (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, and recycling efforts. The Township has a service contract with neighboring communities to provide fire services and ambulance services. The Township contracts with the Lorain County Sheriff to provide safety 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. 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.

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

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:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Capital Project Funds (Continued)

Public Works Projects - The Township received a grant from the State of Ohio to replace guardrails on Sperry Road and Gore-Orphanage Road.

4. Fiduciary Funds (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 the following significant fiduciary fund:

Agency Fund - The Township holds the money from vendors for fire and building inspections until the inspections are complete. This fund also accounts for the residents portion of monies held by the Township for road tile work.

D. 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.

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 1999 and 1998 budgetary activity appears in Note 3.

E. 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$218,039	\$194,445
	<u>218,039</u>	<u>194,445</u>
Total deposits	<u>218,039</u>	<u>194,445</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$322,834	\$272,831	(\$50,003)
Special Revenue	146,225	138,611	(7,614)
Capital Projects	134,719	100,239	(34,480)
Total	<u>\$603,778</u>	<u>\$511,681</u>	<u>(\$92,097)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$312,957	\$243,378	\$69,579
Special Revenue	212,219	155,540	56,679
Capital Projects	134,719	100,239	34,480
Total	<u>\$659,895</u>	<u>\$499,157</u>	<u>\$160,738</u>

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$201,804	\$201,895	\$91
Special Revenue	152,666	150,916	(1,750)
Total	\$354,470	\$352,811	\$1,659

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$269,255	\$188,985	\$80,270
Special Revenue	177,704	116,657	61,047
Capital Projects	4,746	4,746	0
Total	\$451,705	\$310,388	\$141,317

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

Public Employees Retirement System (PERS) of Ohio, is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS 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.

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

6. RISK MANAGEMENT

The Township is a member of the Ohio Government Risk Management Plan (the Authority) who assumes the risk of loss up to the limits of the Township's policy. The following risks are covered by the Authority:

- General liability and casualty
- Vehicles
- Public official's liability
- Inland Marine

The Township also provides health insurance and dental and vision coverage to full-time employees and elected officials through the Lorain County Health Insurance Plan.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Brownhelm Township
Lorain County
1940 North Ridge Road
Vermilion, Ohio 44089

To the Board of Trustees:

We have audited the financial statements of Brownhelm Township, Lorain County, Ohio (Township), as of and for the years ended December 31, 1999 and December 31, 1998 and have issued our report thereon dated March 14, 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 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 another 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 March 14, 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

March 14, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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BROWNHELM TOWNSHIP

LORAIN 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 4, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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