



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Henrietta Township
Lorain County
10413 Vermillion Road
Oberlin, Ohio 44074

To the Board of Trustees:

We have audited the accompanying financial statements of Henrietta 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 audit.

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 Henrietta 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 30, 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 30, 2000

Henrietta 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>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$36,592	\$109,618	\$0	\$146,210
Intergovernmental	100,700	72,670	25,550	198,920
Licenses, Permits, and Fees	2,873	0	0	2,873
Earnings on Investments	2,942	324	0	3,266
Other Revenue	1,060	0	0	1,060
Total Cash Receipts	<u>144,167</u>	<u>182,612</u>	<u>25,550</u>	<u>352,329</u>
Cash Disbursements:				
Current:				
General Government	64,346	0	0	64,346
Public Safety	0	14,000	0	14,000
Public Works	6,935	132,210	0	139,145
Health	4,070	0	0	4,070
Capital Outlay	5,147	233	27,861	33,241
Total Cash Disbursements	<u>80,498</u>	<u>146,443</u>	<u>27,861</u>	<u>254,802</u>
Total Receipts Over/(Under) Disbursements	<u>63,669</u>	<u>36,169</u>	<u>(2,311)</u>	<u>97,527</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	0	48,609	48,609
Transfers-Out	(48,609)	0	0	(48,609)
Total Other Financing Receipts/(Disbursements)	<u>(48,609)</u>	<u>0</u>	<u>48,609</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>15,060</u>	<u>36,169</u>	<u>46,298</u>	<u>97,527</u>
Fund Cash Balances, January 1	<u>40,958</u>	<u>115,078</u>	<u>4,103</u>	<u>160,139</u>
Fund Cash Balances, December 31	<u>\$56,018</u>	<u>\$151,247</u>	<u>\$50,401</u>	<u>\$257,666</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

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

	<u>Fiduciary Funds</u>		Totals (Memorandum Only)
	<u>Non-Expendable Trust</u>	<u>Agency</u>	
Operating Receipts:			
Earnings on Investments	\$15	\$0	\$15
Miscellaneous	0	2,500	2,500
Total Operating Receipts	<u>15</u>	<u>2,500</u>	<u>2,515</u>
Operating Disbursements:			
Purchased Services	25	3,000	3,025
Supplies and Materials	21	0	21
Total Operating Disbursements	<u>46</u>	<u>3,000</u>	<u>3,046</u>
Operating Income/(Loss)	<u>(31)</u>	<u>(500)</u>	<u>(531)</u>
Fund Balances, January 1	<u>968</u>	<u>2,000</u>	<u>2,968</u>
Fund Balances, December 31	<u><u>\$937</u></u>	<u><u>\$1,500</u></u>	<u><u>\$2,437</u></u>

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
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>Capital Projects</u>	
Cash Receipts:				
Taxes	\$34,306	\$105,356	\$0	\$139,662
Intergovernmental	48,172	70,697	54,359	173,228
Licenses, Permits, and Fees	2,130	0	0	2,130
Earnings on Investments	2,460	324	0	2,784
Other Revenue	2,971	0	0	2,971
Total Cash Receipts	<u>90,039</u>	<u>176,377</u>	<u>54,359</u>	<u>320,775</u>
Cash Disbursements:				
Current:				
General Government	52,985	0	0	52,985
Public Safety	0	8,000	0	8,000
Public Works	6,695	127,959	0	134,654
Health	6,619	0	0	6,619
Capital Outlay	20,167	6,315	76,627	103,109
Total Cash Disbursements	<u>86,466</u>	<u>142,274</u>	<u>76,627</u>	<u>305,367</u>
Total Receipts Over/(Under) Disbursements	<u>3,573</u>	<u>34,103</u>	<u>(22,268)</u>	<u>15,408</u>
Fund Cash Balances, January 1	<u>37,385</u>	<u>80,975</u>	<u>26,371</u>	<u>144,731</u>
Fund Cash Balances, December 31	<u>\$40,958</u>	<u>\$115,078</u>	<u>\$4,103</u>	<u>\$160,139</u>
Reserve for Encumbrances, December 31	<u>\$52</u>	<u>\$154</u>	<u>\$0</u>	<u>\$206</u>

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

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

	<u>Fiduciary Funds</u>		<u>Totals (Memorandum Only)</u>
	<u>Non-Expendable Trust</u>	<u>Agency</u>	
Operating Receipts:			
Earnings on Investments	\$36	\$0	\$36
Miscellaneous	0	500	500
Total Operating Receipts	<u>36</u>	<u>500</u>	<u>536</u>
Operating Disbursements:			
Purchased Services	0	500	500
Supplies and Materials	48	0	48
Total Operating Disbursements	<u>48</u>	<u>500</u>	<u>548</u>
Operating Income/(Loss)	<u>(12)</u>	<u>0</u>	<u>(12)</u>
Fund Balances, January 1	<u>980</u>	<u>2,000</u>	<u>2,980</u>
Fund Balances, December 31	<u><u>\$968</u></u>	<u><u>\$2,000</u></u>	<u><u>\$2,968</u></u>

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

Henrietta 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, fire protection and emergency medical services. The Township contracts with Florence Township, Village of South Amherst, and Camden Township to provide fire services and Allen Memorial Hospital (located in the City of Oberlin) to provide 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. 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. The Township had the following significant capital project funds:

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)

Issue II Fund - This fund is used to account for grants from the State of Ohio to repair Township roads.

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 the following significant fiduciary funds:

Kellogg Trust Fund - This fund is used to account for funds received for the maintenance of certain cemetery plots.

Agency Fund - This fund is used to account for refundable zoning deposits.

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 Lorain 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 Lorain 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)

2. POOLED CASH

The Township maintains cash 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>
Total demand deposits	<u>\$260,103</u>	<u>\$163,107</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool. The Township had no investments at December 31, 1999 or December 31, 1998.

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	\$132,559	\$144,167	\$11,608
Special Revenue	180,060	182,612	2,552
Capital Projects	48,822	74,159	25,337
Non-Expendable Trust	39	15	(24)
Agency	1,000	2,500	1,500
Total	\$362,480	\$403,453	\$40,973

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$135,638	\$129,107	\$6,531
Special Revenue	295,033	146,443	148,590
Capital Projects	28,523	27,861	662
Non-Expendable Trust	1,006	46	960
Agency	3,000	3,000	0
Total	\$463,200	\$306,457	\$156,743

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$74,379	\$90,039	\$15,660
Special Revenue	209,561	176,377	(26,370)
Capital Projects	80,729	54,359	1,647
Non-Expendable Trust	39	36	(3)
Agency	1,000	500	(500)
Total	\$365,708	\$321,311	(\$44,397)

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	\$111,764	\$86,518	\$25,246
Special Revenue	290,535	142,428	148,107
Capital Projects	80,729	76,627	4,102
Non-Expendable Trust	1,019	48	971
Agency	3,000	500	2,500
Total	\$487,047	\$306,121	\$180,926

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

All Township 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 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 the following risks:

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

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

7. CONTINGENT LIABILITIES

The Township is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

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

Henrietta Township
Lorain County
10413 Vermillion Road
Oberlin, Ohio 44074

To the Board of Trustees:

We have audited the financial statements of Henrietta 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 30, 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 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*.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 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 30, 2000.

This report is intended for the information and use of the 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 30, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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HENRIETTA 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**