



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**PENFIELD TOWNSHIP  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Penfield Township  
Lorain County  
42760 Peck Wadsworth Road  
Wellington, Ohio 44090

To the Board of Trustees:

We have audited the accompanying financial statements of Penfield Township, Lorain County, Ohio, (the 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 Penfield Township, Lorain County, Ohio, as of December 31, 1999 and December 31, 1998 and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 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, Board of Trustees, 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

May 11, 2000

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**PENFIELD TOWNSHIP  
 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, 1999**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$59,900	\$157,015	\$0	\$216,915
Intergovernmental	58,413	77,688	0	136,101
Licenses, Permits, and Fees	3,185	1,410	0	4,595
Earnings on Investments	10,230	38	0	10,268
Other Revenue	4,824	22,368	0	27,192
<b>Total Cash Receipts</b>	<u>136,552</u>	<u>258,519</u>	<u>0</u>	<u>395,071</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	54,388	14,873	0	69,261
Public Safety	0	114,924	0	114,924
Public Works	216	49,177	0	49,393
Health	3,988	3,054	0	7,042
Conservation - Recreation	10,614	0	0	10,614
Capital Outlay	5,036	54,670	0	59,706
<b>Total Cash Disbursements</b>	<u>74,242</u>	<u>236,698</u>	<u>0</u>	<u>310,940</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>62,310</u>	<u>21,821</u>	<u>0</u>	<u>84,131</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	0	1,500	50,000	51,500
Advances-In	1,000	1,000	0	2,000
Transfers-Out	(51,500)	0	0	(51,500)
Advances-Out	(1,000)	(1,000)	0	(2,000)
Other Sources	(1,231)	0	0	(1,231)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(52,731)</u>	<u>1,500</u>	<u>50,000</u>	<u>(1,231)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>9,579</u>	<u>23,321</u>	<u>50,000</u>	<u>82,900</u>
<b>Fund Cash Balances, January 1</b>	<u>85,039</u>	<u>110,669</u>	<u>0</u>	<u>195,708</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$94,618</b></u>	<u><b>\$133,990</b></u>	<u><b>\$50,000</b></u>	<u><b>\$278,608</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$17</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$17</b></u>

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

**PENFIELD TOWNSHIP  
 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**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Taxes	\$57,348	\$99,270	\$0	\$156,618
Intergovernmental	47,097	65,679	16,643	129,419
Licenses, Permits, and Fees	2,431	1,885	0	4,316
Earnings on Investments	7,636	353	0	7,989
Other Revenue	5,742	5,289	0	11,031
<b>Total Cash Receipts</b>	<u>120,254</u>	<u>172,476</u>	<u>16,643</u>	<u>309,373</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	51,027	13,714	0	64,741
Public Safety	0	58,974	0	58,974
Public Works	102	62,370	0	62,472
Health	3,517	3,372	0	6,889
Conservation - Recreation	7,940	0	0	7,940
Capital Outlay	10,138	10,929	16,643	37,710
<b>Total Cash Disbursements</b>	<u>72,724</u>	<u>149,359</u>	<u>16,643</u>	<u>238,726</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>47,530</u>	<u>23,117</u>	<u>0</u>	<u>70,647</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	0	4,747	0	4,747
Transfers-Out	(4,747)	0	0	(4,747)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(4,747)</u>	<u>4,747</u>	<u>0</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>42,783</u>	<u>27,864</u>	<u>0</u>	<u>70,647</u>
<b>Fund Cash Balances, January 1</b>	<u>42,256</u>	<u>82,805</u>	<u>0</u>	<u>125,061</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$85,039</b></u>	<u><b>\$110,669</b></u>	<u><b>\$0</b></u>	<u><b>\$195,708</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$419</b></u>	<u><b>\$36,421</b></u>	<u><b>\$0</b></u>	<u><b>\$36,840</b></u>

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



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Penfield 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 park operations (recreation), fire and ambulance services, cemetery maintenance, and recycling services. The Township contracts with the Lorain County Sheriff to provide security of persons and property.

Ambulatory services are provided to Township residents through the Township's membership in the South Lorain County Ambulance District; fire protective services are provided to Township residents through the Township's membership in the Wellington Community Fire District.

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**

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**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. Governmental Fund Types**

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 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 and state money for constructing, maintaining and repairing Township roads and bridges.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

*Wellington Community Fire District Fund* - This fund is used to account for taxes levied on Township residents for operations of the Wellington Community Fire District.

*South Lorain County Ambulance District Fund* - This fund is used to account for taxes levied on Township residents for operations of the Wellington Community Fire District.

**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.

*Issue II Fund* - This fund is used to account for grant money received from the Ohio Public Works Commission for road projects.

*Capital Improvement Fund* - This fund is used to account for money to be used for various construction projects.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually. The Township includes Advances in/out in its appropriations and estimated resources.

**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.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**2. POOLED CASH AND INVESTMENTS**

The Township maintains a cash 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	\$15,304	\$27,365
STAR Ohio Investment	<u>263,304</u>	<u>168,343</u>
Total deposits and investments	<u>\$278,608</u>	<u>\$195,708</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**Investments:** The investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 1999 and 1998 was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$101,040	\$137,552	\$36,512
Special Revenue	267,507	261,019	(6,488)
Capital Projects	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Total	<u>\$418,547</u>	<u>\$448,571</u>	<u>\$30,024</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$187,459	\$127,990	\$59,469
Special Revenue	413,637	237,698	175,939
Capital Projects	<u>50,000</u>	<u>0</u>	<u>50,000</u>
Total	<u>\$651,096</u>	<u>\$365,688</u>	<u>\$285,408</u>

**PENFIELD TOWNSHIP  
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	\$159,554	\$120,254	(\$39,300)
Special Revenue	249,440	177,223	(72,217)
Capital Projects	0	16,643	16,643
Total	\$408,994	\$314,120	(\$94,874)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$201,811	\$77,890	\$123,921
Special Revenue	331,747	185,780	145,967
Capital Projects	18,715	16,643	2,072
Total	\$552,273	\$280,313	\$271,960

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 SYSTEM**

All 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, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of regular participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

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

**6. RISK MANAGEMENT**

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

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

The Township also provides health insurance and dental and vision coverage to certain employees through the Lorain County Health Insurance Plan.

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

Penfield Township  
Lorain County  
42760 Peck Wadsworth Road  
Wellington, Ohio 44090

To the Board of Trustees:

We have audited the financial statements of Penfield 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 May 11, 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 11, 2000.

**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 May 11, 2000.

This report is intended for the information and use of management and 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

May 11, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**PENFIELD 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  
JUNE 27, 2000**