



OHIO AUDITOR OF STATE
KEITH FABER



**PAINESVILLE TOWNSHIP
LAKE COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Painesville Township
Lake County
55 Nye Road
Painesville, Ohio 44077

To the Township Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Painesville Township, Lake County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2023, 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 grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 25, 2023

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Painesville Township
Lake County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$193,438	\$7,280,992	\$380,467	\$7,854,897
Charges for Services		440,817		440,817
Licenses, Permits and Fees	389,669	865		390,534
Fines and Forfeitures	19,238			19,238
Intergovernmental	614,939	2,157,066	61,660	2,833,665
Special Assessments		94,440		94,440
Earnings on Investments	4,419	322		4,741
Miscellaneous	34,781	132,788		167,569
<i>Total Cash Receipts</i>	<u>1,256,484</u>	<u>10,107,290</u>	<u>442,127</u>	<u>11,805,901</u>
Cash Disbursements				
Current:				
General Government	979,296			979,296
Public Safety		6,791,184		6,791,184
Public Works	19,164	1,801,520		1,820,684
Conservation-Recreation	70,970			70,970
Other	72,049		3,154	75,203
Capital Outlay	53,662	358,626		412,288
Debt Service:				
Principal Retirement	7,167			7,167
<i>Total Cash Disbursements</i>	<u>1,202,308</u>	<u>8,951,330</u>	<u>3,154</u>	<u>10,156,792</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>54,176</u>	<u>1,155,960</u>	<u>438,973</u>	<u>1,649,109</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets		2,850		2,850
Other Financing Uses	(875)			(875)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(875)</u>	<u>2,850</u>	<u>-</u>	<u>1,975</u>
<i>Net Change in Fund Cash Balances</i>	53,301	1,158,810	438,973	1,651,084
<i>Fund Cash Balances, January 1</i>	<u>2,732,500</u>	<u>6,107,489</u>	<u>165,763</u>	<u>9,005,752</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,785,801</u></u>	<u><u>\$7,266,299</u></u>	<u><u>\$604,736</u></u>	<u><u>\$10,656,836</u></u>

See accompanying notes to the basic financial statements

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Painesville Township
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Painesville Township, Lake County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

Joint Agreement, Jointly Governed Organizations and Public Entity Risk Pool

The Township participates in one public entity risk pool, one joint agreement and one jointly governed organization. Notes 6, 12 and 13 to the financial statements provides additional information for this entity.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, which are organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

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

Painesville Township
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Fire District Fund The Fire District Fund receives property tax money to provide fire services to Township’s residents.

Police District Fund The Police District Fund receives property tax money for patrol services for the Township.

Permissive Motor Vehicle License Tax The Permissive Motor Vehicle License Tax fund receives motor vehicle tax on a County level to pay for constructing, maintaining, and repairing Township roads and bridges.

Coronavirus Relief Fund The Coronavirus Relief Fund account for and report financial resources that are restricted, committed, or assigned to expenditures for Covid-19 transactions.

American Rescue Fund The American Rescue Fund account for and report financial resources that are restricted, committed, or assigned to expenditures for response and recovery due to Covid-19 public health emergency.

Light Assessments The Light Assessments Fund receives property tax money for providing street lights to Township residents.

One Ohio Funds These funds are part of the National Opioid Settlement. It focuses funding on programs that address prevention, treatment and long term recovery, criminal justice, public awareness costs that promote the overall health & well being of Ohioans.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

TIF The TIF account receives property tax money for providing public financing for redevelopment, infrastructure and other community improvements.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Painesville Township
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control , and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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 2022 budgetary activity appears in Note 3.

Deposits and Investments

The Township’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Painesville Township
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Painesville Township
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,359,465	\$1,256,484	(\$102,981)
Special Revenue	9,202,974	10,110,140	907,166
Capital Projects	285,000	442,127	157,127
Total	\$10,847,439	\$11,808,751	\$961,312

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,315,201	\$1,205,688	\$109,513
Special Revenue	9,597,336	8,996,151	601,185
Capital Projects	-	3,154	(3,154)
Total	\$10,912,537	\$10,201,839	\$710,698

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$574,063
Other time deposits (savings and NOW accounts)	10,082,773
Total deposits	\$10,656,836

Deposits

Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Painesville Township
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Lake County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 6 – Risk Management

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

- General liability and casualty
- Public Official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of asset and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

The Township made contributions of \$62,791 to OTARMA during 2022.

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Painesville Township
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township employees other than the certified fire fighters and Zoning Boards belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

The Township certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2022.

Social Security

The Township part-time firefighters and zoning boards contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Painesville Township
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits (Continued)

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
Ohio Public Works Commission	\$7,167	0%
Total	\$7,167	

Leases

The Township disbursed \$4,000 to pay lease cost for Clyde C. Hadden Land to Riverside Local School District for the year ended December 31, 2022.

Amortization

Amortization of the *above* debt, including interest, is scheduled as follows:

Year Ending	OPWC Loan		
December 31:	Leases	CG14E	Total
2023	\$4,000	\$2,389	\$6,389
2024	4,000	4,778	8,778
2025	4,000		4,000
2026	4,000		4,000
2027-2029	4,000		4,000
Total	\$20,000	\$7,167	\$27,167

Note 10 – Construction and Contractual Commitments

The project located at 141 Bowhall Road (Fire House 2) in Painesville Township is still in design process for Public Restrooms which will be paid for out of the Fire Fund. The public bathrooms will be built on the outside of the Fire Station and will be used by the public visiting the adjacent park.

Note 11 – Contingent Liabilities

The only pending legal issue we have is the Progressive Equity suit in Appeals Court that would not create any financial liability.

Painesville Township
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Joint Agreement

Agreement between Painesville Township and Riverside Local School District for the land at Clyde C. Hadden School. The purchase price for the Subject Property is Forty Thousand Dollars and no cents (\$40,000). On the closing date, buyer shall pay four thousand dollars and no cents (\$4,000) to the seller toward the purchase price. After the initial payment, buyer shall pay four thousand dollars every January until the purchase price has been paid to the seller in full.

Note 13 – Jointly Governed Organizations

The Township is a member of the Northeast Ohio Public Energy council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code.

NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity or gas. NOPEC is currently comprised of over 200 communities who have been authorized by ballot to purchase electricity and gas on behalf of their citizens. The intent of NOPEC is to provide electricity and gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and gas to the citizens of its member communities.

Note 14 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$2,505	\$44,821	\$47,326
Total	\$2,505	\$44,821	\$47,326

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue and capital projects would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Painesville Township
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 15 – Subsequent Events

Agreement between Painesville Township and Grand River Village established on July 19, 2022.

Both parties have agreed in the interest of public safety of the Northwest quadrant of Painesville Twp. and the Village of Grand River as follows:

Painesville Township has advanced the Village the sum of Twenty Thousand Dollars (\$20,000) that enabled the Village to purchase a replacement fire truck so that the Village can continue to provide fire rescue and emergency medical services to the Northwest quadrant of Painesville Twp. and to the Village of Grand River.

The Village shall reimburse Painesville Township for this \$20,000 by paying Painesville Township six equal payments of \$3,333. The payments shall be paid every six months beginning December 31, 2022 until the \$20,000 is paid in full.

Note 16 – American Rescue

The American Rescue Fund account for and report financial resources that are restricted, committed, or assigned to expenditures for response and recovery due to COVID-19 public health emergency.

During 2022, the Township received American Rescue funding in the amount of \$885,420 which they spent \$231,440 on 2 additional patrol services, \$79,342 for a GapVax Trailer, \$10,170 for a Audio System for Townhall meetings.

Painesville Township
Lake County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$183,185	\$7,116,071	\$179,229	\$7,478,485
Charges for Services		428,875		428,875
Licenses, Permits and Fees	382,844	700		383,544
Fines and Forfeitures	205			205
Intergovernmental	312,304	1,946,067	313,888	2,572,259
Special Assessments		95,396		95,396
Earnings on Investments	3,699	234		3,933
Miscellaneous	55,227	109,230		164,457
<i>Total Cash Receipts</i>	<u>937,464</u>	<u>9,696,573</u>	<u>493,117</u>	<u>11,127,154</u>
Cash Disbursements				
Current:				
General Government	842,856	5,842		848,698
Public Safety		6,126,286		6,126,286
Public Works		2,412,894		2,412,894
Conservation-Recreation	132,943			132,943
Other	31,705		27,454	59,159
Capital Outlay	16,480	321,458	299,900	637,838
Debt Service:				
Principal Retirement	2,389			2,389
<i>Total Cash Disbursements</i>	<u>1,026,373</u>	<u>8,866,480</u>	<u>327,354</u>	<u>10,220,207</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(88,909)</u>	<u>830,093</u>	<u>165,763</u>	<u>906,947</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	4,092	1,500		5,592
<i>Total Other Financing Receipts (Disbursements)</i>	<u>4,092</u>	<u>1,500</u>	<u>0</u>	<u>5,592</u>
<i>Net Change in Fund Cash Balances</i>	(84,817)	831,593	165,763	912,539
<i>Fund Cash Balances, January 1</i>	<u>2,817,317</u>	<u>5,275,896</u>	<u>0</u>	<u>8,093,213</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,732,500</u></u>	<u><u>\$6,107,489</u></u>	<u><u>\$165,763</u></u>	<u><u>\$9,005,752</u></u>

See accompanying notes to the basic financial statements

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Painesville Township
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Painesville Township, Lake County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

Joint Agreement, Jointly Governed Organizations and Public Entity Risk Pool

The Township participates in one public entity risk pool, two joint agreements and one jointly governed organization. Notes 6, 12 and 13 to the financial statements provides additional information for this entity.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, which are organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

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

Fire District Fund The Fire District Fund receives property tax money to provide fire services to Township’s residents.

Painesville Township
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies – (Continued)

Police District Fund The Police District fund receives property tax money for patrol services for the Township.

Permissive Motor Vehicle License Tax The Permissive Motor Vehicle License Tax fund receives motor vehicle tax on a County level to pay for constructing, maintaining, and repairing Township roads and bridges.

Coronavirus Relief Fund The Coronavirus Relief Fund account for and report financial resources that are restricted, committed, or assigned to expenditures for COVID-19 transactions.

American Rescue Fund The American Rescue Fund account for and report financial resources that are restricted, committed, or assigned to expenditures for response and recovery due to Covid-19 public health emergency.

Light Assessments The Light Assessments Fund receives property tax money for providing street lights to Township residents.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

OPWC This fund receives OPWC grant money for various construction projects within the Township.

TIF The TIF account receives property tax money for providing public financing for redevelopment, infrastructure and other community improvements.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Painesville Township
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies – (Continued)

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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 2021 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Painesville Township
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies – (Continued)

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as assigned unless they are restricted or committed. In the General Fund, assigned amounts represent intended uses established by Township Trustees or a Township Official delegated that authority by resolution, or by State Statute

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$908,188	\$941,556	\$33,368
Special Revenue	9,739,640	9,698,073	(41,567)
Capital Projects	300,000	493,187	193,187
Total	\$10,947,827	\$11,132,816	\$184,989

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,100,888	\$1,058,991	\$41,897
Special Revenue	9,991,316	8,961,273	1,030,043
Capital Projects	300,000	327,354	(27,354)
Total	\$11,392,204	\$10,347,618	\$1,044,586

Painesville Township
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit and investment accounts are as follows:

	<u>2021</u>
Demand deposits	\$727,720
Other time deposits (savings and NOW accounts)	<u>8,278,032</u>
Total deposits	<u>\$9,005,752</u>

Deposits

Deposits are collateralized through the Ohio Pooled Collateral System (OPCS) a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Lake County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 6 – Risk Management

Painesville Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of Painesville Township’s Policy. The Pool covers the following risks:

- General Liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

Painesville Township
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Risk Management (Continued)

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

The Township made contributions of \$56,083 to OTARMA during 2021.

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township employees other than the certified fire fighters and Zoning Boards belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

The Township certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2021.

Painesville Township
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plans (Continued)

Social Security

The Township part-time firefighters and zoning boards contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission	<u>\$14,334</u>	0%
Total	<u><u>\$14,334</u></u>	

Leases

The Township disbursed \$4,000 to pay lease cost for Clyde C. Hadden Land to Riverside Local School District for the year ended December 31, 2021.

Painesville Township
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt (Continued)

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Leases	OPWC Loan CG14E	Total
2022	\$4,000	\$2,389	\$6,389
2023	4,000	4,778	\$8,778
2024	4,000	4,778	\$8,778
2025	4,000	2,389	\$6,389
2026	4,000	0	\$4,000
2027-2029	4,000	0	\$4,000
Total	\$24,000	\$14,334	\$38,334

Note 10 – Construction and Contractual Commitments

The project located at 141 Bowhall Road (Fire House 2) in Painesville Township is still in process of redesigning the addition to accommodate the new site challenges, with the two dorms rooms being paid for out of the Cares Fund and the Public Restrooms being paid for out of the Fire Fund. The public bathrooms will be built on the outside of the Fire station and will be used by the public visiting the adjacent park.

Note 11 – Contingent Liabilities

There are two litigation matters right now, but one is tentatively settled (with the potential settlement being paid by the BWC) and the other is an Administrative matter that the Township has no risk of financial liability.

Note 12 – Joint Agreements

Agreement between Painesville Township and Fairport Harbor for the construction of a salt storage facility and for the storage of salt. The cost of the structure is \$30,000. The village agrees that it will pay to the Township the sum of \$15,000 to help the Township purchase and construct said Facility. The village agrees to pay the township in three annual payments of \$5,000, paid in three consecutive years, paid on or before the first day of October of 2019, 2020 and 2021.

Agreement between Painesville Township and Riverside Local School District for the land at Clyde C. Hadden School. The purchase price for the Subject Property is Forty Thousand Dollars and no cents (\$40,000). On the closing date, buyer shall pay four thousand dollars and no cents (\$4,000) to the seller toward the purchase price. After the initial payment, buyer shall pay four thousand dollars and no cents (\$4,000) to the seller toward the purchase price in each successive January 2021, January 2022, January 2023, January 2024, January 2025, January 2026, January 2027, January 2028 and January 2029 until the purchase price has been paid to the seller in full.

Painesville Township
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 13 – Jointly Governed Organizations

The Township is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code.

NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity or gas. NOPEC is currently comprised of over 200 communities who have been authorized by ballot to purchase electricity and gas on behalf of their citizens. The intent of NOPEC is to provide electricity and gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and gas to the citizens of its member communities.

Note 14 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$32,618	\$94,793	\$127,411
Total	\$32,618	\$94,793	\$127,411

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue, and capital projects, would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 15 – American Rescue

The American Rescue Fund account for and report financial resources that are restricted, committed, or assigned to expenditures for response and recovery due to COVID-19 public health emergency.

During 2021, the township received American Rescue funding in the amount of \$881,899 which they have not spent at this time.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Painesville Township
Lake County
55 Nye Road
Painesville, Ohio 44077

To the Township Trustees:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of Painesville Township, Lake County, Ohio (the Township) and have issued our report thereon dated October 25, 2023, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 25, 2023

OHIO AUDITOR OF STATE KEITH FABER



PAINESVILLE TOWNSHIP

LAKE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/28/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov