



**LEROY TOWNSHIP
LAKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 & 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LEROY TOWNSHIP
LAKE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Leroy Township
Lake County
5920 Paine Road
Painesville, Ohio 44077

To the Board of Trustees:

We have audited the accompanying financial statements of Leroy Township, Lake County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. 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 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. 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 described 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 Leroy Township, Lake County, Ohio, as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2001 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 20, 2001

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**LEROY TOWNSHIP
LAKE COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local Taxes	\$90,612	\$403,334	\$0	\$0	\$493,946
Intergovernmental	145,845	112,456	0	0	258,301
Licenses, Permits, and Fees	26,337	0	0	0	26,337
Charges for Services	5,936	12,671	0	0	18,607
Earnings on Investments	2,426	0	0	0	2,426
Other Revenue	19,168	31,266	0	0	50,434
	<u>290,324</u>	<u>559,727</u>	<u>0</u>	<u>0</u>	<u>850,051</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	140,205	2,550	0	0	142,755
Public Safety	0	273,713	0	0	273,713
Public Works	569	198,460	0	0	199,029
Health	32,823	0	0	0	32,823
Human Services	21,469	0	0	0	21,469
Conservation - Recreation	5,315	0	0	0	5,315
Debt Service:					
Redemption of Principal	5,000	0	23,492	0	28,492
Capital Outlay	5,811	78,742	0	0	84,553
	<u>211,192</u>	<u>553,465</u>	<u>23,492</u>	<u>0</u>	<u>788,149</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	79,132	6,262	(23,492)	0	61,902
Other Financing Receipts/(Disbursements):					
Transfers-In	0	0	23,492	0	23,492
Transfers-Out	(3,916)	(19,576)	0	0	(23,492)
Other Sources	1,239	0	0	0	1,239
	<u>(2,677)</u>	<u>(19,576)</u>	<u>23,492</u>	<u>0</u>	<u>1,239</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	76,455	(13,314)	0	0	63,141
Fund Cash Balances, January 1, 2000	96,699	175,229	0	37,615	309,543
Fund Cash Balances, December 31, 2000	<u>\$173,154</u>	<u>\$161,915</u>	<u>\$0</u>	<u>\$37,615</u>	<u>\$372,684</u>
Reserve for Encumbrances, December 31, 2000	<u>\$3,000</u>	<u>\$7,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,000</u>

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

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local Taxes	\$89,578	\$393,799	\$0	\$0	\$483,377
Intergovernmental	105,521	110,683	0	0	216,204
Licenses, Permits, and Fees	22,217	0	0	0	22,217
Charges for Services	2,182	13,791	0	0	15,973
Earnings on Investments	759	0	0	0	759
Other Revenue	26,106	23,718	0	3,500	53,324
	<u>246,363</u>	<u>541,991</u>	<u>0</u>	<u>3,500</u>	<u>791,854</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	156,566	2,493	0	0	159,059
Public Safety	0	258,016	0	0	258,016
Public Works	3,700	180,971	0	0	184,671
Health	39,380	0	0	0	39,380
Human Services	21,144	0	0	0	21,144
Debt Service:					
Redemption of Principal	0	0	22,468	0	22,468
Interest and Fiscal Charges					0
Capital Outlay	10,751	33,887	0	74,691	119,329
	<u>231,541</u>	<u>475,367</u>	<u>22,468</u>	<u>74,691</u>	<u>804,067</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>14,822</u>	<u>66,624</u>	<u>(22,468)</u>	<u>(71,191)</u>	<u>(12,213)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	0	0	21,821	108,806	130,627
Transfers-Out	(80,000)	(50,627)	0	0	(130,627)
Other Sources	2,895	0	0	0	2,895
	<u>(77,105)</u>	<u>(50,627)</u>	<u>21,821</u>	<u>108,806</u>	<u>2,895</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(62,283)	15,997	(647)	37,615	(9,318)
Fund Cash Balances, January 1, 1999	158,982	159,232	647	0	318,861
Fund Cash Balances, December 31, 1999	<u>\$96,699</u>	<u>\$175,229</u>	<u>\$0</u>	<u>\$37,615</u>	<u>\$309,543</u>
Reserve for Encumbrances, December 31, 1999	<u>\$1,000</u>	<u>\$3,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,000</u>

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

**LEROY TOWNSHIP
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Leroy Township, Lake County, Ohio, (the 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 leisure time activities, road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Lake County Sheriff's department provides security of persons and property for the Township.

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

Certificates of deposit are valued at cost.

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:

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.

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.

Fire District Fund - This fund receives property tax money to provide fire protection and rescue services to the Township residents.

**LEROY TOWNSHIP
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. This fund receives transfers for the retirement of note debt on capital equipment purchases.

Capital Project Fund

This fund is 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 Fund:

Capital Equipment - To purchase significant equipment for the Township.

E. 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 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.

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.

Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

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.

G. Unpaid Vacation and Sick Leave

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

**LEROY TOWNSHIP
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(CONTINUED)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand Deposits	\$319,425	\$257,013
Certificates of Deposit	<u>53,259</u>	<u>52,530</u>
Total Deposits	<u>\$372,684</u>	<u>\$309,543</u>

Deposits:

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 was as follows:

2000 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$248,958	\$291,563	\$42,605
Special Revenue	665,619	559,727	(105,892)
Debt Service	73,492	23,492	(50,000)
Capital Projects	20,000	0	(20,000)
Total	<u>\$1,008,069</u>	<u>\$874,782</u>	<u>(\$133,287)</u>

2000 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$298,134	\$218,108	\$80,026
Special Revenue	612,921	580,041	32,880
Debt Service	23,492	23,492	0
Capital Projects	57,615	0	57,615
Total	<u>\$992,162</u>	<u>\$821,641</u>	<u>\$170,521</u>

**LEROY TOWNSHIP
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(CONTINUED)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$232,524	\$249,258	\$16,734
Special Revenue	523,964	541,991	18,027
Debt Service	21,120	21,821	701
Capital Projects	108,347	112,306	3,959
Total	<u>\$885,955</u>	<u>\$925,376</u>	<u>\$39,421</u>

1999 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$336,612	\$312,541	\$24,071
Special Revenue	556,029	528,994	27,035
Debt Service	22,468	22,468	0
Capital Projects	108,806	74,691	34,115
Total	<u>\$1,023,915</u>	<u>\$938,694</u>	<u>\$85,221</u>

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 with 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.

**LEROY TOWNSHIP
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(CONTINUED)**

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Five Year Bank Note	\$27,504	5.10%
Four Year Bank Note	18,000	9.90%
Total	<u>\$45,504</u>	

The Five Year Bank Note was used to finance the purchase a Ford Explorer for the Township fire rescue services.

The Four Year Bank Note was used to finance the purchase a John Deer Tractor for the Township's road department.

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

<u>Year Ending December 31:</u>	<u>Five Year Bank Note</u>	<u>Four Year Bank Note</u>	<u>Total</u>
2001	15,121	\$7,225	\$22,346
2002	14,422	7,225	21,647
2003	0	7,225	7,225
Total	<u>\$29,543</u>	<u>\$21,675</u>	<u>\$51,218</u>

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 1999 and 10.84% for 2000. The Township has paid all contributions required through December 31, 2000.

**LEROY TOWNSHIP
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(CONTINUED)**

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

8. SUBSEQUENT EVENTS

On March 5, 2001, the Board of Trustees passed a resolution authorizing the Township to borrow \$57,000 from Bank One to purchase a new radio system for the fire department.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Leroy Township
Lake County
5920 Paine Road
Painesville, Ohio 44077

To the Board of Trustees:

We have audited the financial statements of Leroy Township, Lake County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 20, 2001. We conducted our audits in accordance with 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.

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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 20, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the 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 controls over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal controls 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 statement 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 June 20, 2001.

Leroy Township
Lake County
Report on Compliance and on Internal Control
Required By *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 20, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LEROY TOWNSHIP

LAKE 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
JULY 10, 2001**