



**VILLAGE OF PENINSULA
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF PENINSULA
SUMMIT COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Peninsula
Summit County
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P.O. Box 177
Peninsula, Ohio 44264-0177

To the Village Council:

We have audited the accompanying financial statements of the Village of Peninsula, Summit County, (the Village) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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. 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 Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2001 and 2000, 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 April 16, 2002 on our consideration of the Village'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 audits.

This report is intended solely for the information and use of management, Village Council 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

April 16, 2002

**VILLAGE OF PENINSULA
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property Tax and Other Local Taxes	\$266,935	\$65,786	\$0	\$0	\$332,721
Intergovernmental Receipts	153,939	53,129			207,068
Charges for Services	6,563	271			6,834
Fines, Licenses, and Permits	71,791	8,044			79,835
Earnings on Investments	13,044	943			13,987
Miscellaneous	9,578	351			9,929
Total Cash Receipts	<u>521,850</u>	<u>128,524</u>	<u>0</u>	<u>0</u>	<u>650,374</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	269,974	31,801			301,775
Public Health Services	5,587	720			6,307
Leisure Time Activities	700				700
Community Environment	3,028	210			3,238
Transportation	34,249	78,134			112,383
General Government	223,296	8,217			231,513
Capital Outlay	107,628	17,296	8,206		133,130
Total Cash Disbursements	<u>644,462</u>	<u>136,378</u>	<u>8,206</u>	<u>0</u>	<u>789,046</u>
Total Cash Receipts (Under) Cash Disbursements	<u>(122,612)</u>	<u>(7,854)</u>	<u>(8,206)</u>	<u>0</u>	<u>(138,672)</u>
Other Financing Receipts/(Disbursements):					
Sale of Fixed Assets	3,700				3,700
Other Sources	48			41	89
Advances-In			9,000		9,000
Advances-Out	(9,000)				(9,000)
Total Other Financing Receipts/(Disbursements)	<u>(5,252)</u>	<u>0</u>	<u>9,000</u>	<u>41</u>	<u>3,789</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(127,864)	(7,853)	794	41	(134,883)
Fund Cash Balances, January 1	338,580	125,248	5,436	0	469,264
Fund Cash Balances, December 31	<u>\$210,716</u>	<u>\$117,395</u>	<u>\$6,230</u>	<u>\$41</u>	<u>\$334,381</u>
Reserves for Encumbrances, December 31	<u>\$23,423</u>	<u>\$13,240</u>	<u>\$0</u>	<u>\$0</u>	<u>\$36,663</u>

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

**VILLAGE OF PENINSULA
SUMMIT 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**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$203,466	\$65,504	\$0	\$268,970
Intergovernmental Receipts	160,577	102,146	105,362	368,085
Charges for Services	6,948	1,658		8,606
Fines, Licenses, and Permits	57,972	7,083		65,055
Earnings on Investments	22,370	3,058		25,428
Miscellaneous	340			340
Total Cash Receipts	<u>451,673</u>	<u>179,449</u>	<u>105,362</u>	<u>736,484</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	277,562	14,834		292,396
Public Health Services	5,614	1,235		6,849
Community Environment	3,237	6,790		10,027
Transportation	31,776	62,233		94,009
General Government	220,429	8,033		228,462
Capital Outlay	145,266	77,412	1,463	224,141
Total Cash Disbursements	<u>683,884</u>	<u>170,537</u>	<u>1,463</u>	<u>855,884</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(232,211)</u>	<u>8,912</u>	<u>103,899</u>	<u>(119,400)</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	3,454			3,454
Other Sources	87			87
Advances-In	105,362	10,560	1,334	117,256
Advances-Out	(11,894)		(105,362)	(117,256)
Total Other Financing Receipts/(Disbursements)	<u>97,009</u>	<u>10,560</u>	<u>(104,028)</u>	<u>3,541</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(135,202)</u>	<u>19,472</u>	<u>(129)</u>	<u>(115,859)</u>
Fund Cash Balances, January 1	<u>473,782</u>	<u>105,776</u>	<u>5,565</u>	<u>585,123</u>
Fund Cash Balances, December 31	<u>\$338,580</u>	<u>\$125,248</u>	<u>\$5,436</u>	<u>\$469,264</u>
Reserves for Encumbrances, December 31	<u>\$116,808</u>	<u>\$28,862</u>	<u>\$0</u>	<u>\$145,670</u>

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

**VILLAGE OF PENINSULA
SUMMIT COUNTY**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - AGENCY FUND
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001	2000
Non-Operating Cash Receipts:		
Mayor's Court Receipts	\$94,170	\$77,416
Non-Operating Cash Disbursements:		
Mayor's Court Disbursements	94,322	86,862
Excess of Cash Receipts Over/(Under) Cash Disbursements	(152)	(9,446)
Fund Cash Balances, January 1	350	9,796
Fund Cash Balances, December 31	\$198	\$350
Reserves for Encumbrances, December 31	\$0	\$0

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

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**VILLAGE OF PENINSULA
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Peninsula, Summit County, (the Village) 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 Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including park operations (leisure time activities) and police services. The Village contracts with Valley Fire District to provide fire protection and emergency medical services.

The Village's management believes these financial statements present all activities for which the Village 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

Certificates of deposit are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village has the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF PENINSULA
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Road Levy Fund - This fund receives tax proceeds from a special road levy to provide for road repairs and maintenance within the Village.

Motor Vehicle License Tax Fund - This fund receives money from a tax on motor vehicle license fees for repair and maintenance of the roads within the Village.

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village has the following significant Capital Projects Funds:

Riverview Road Fund - This fund receives Community Development Block Grant monies and is used for the Riverview Road Improvement Project.

4. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Unclaimed Funds Fund - This Expendable Trust Fund is used to account for funds related to warrants that have not been cashed by the payee.

Mayor's Court Fund - This Agency Fund is used to account for the activity of the Village's Mayor's Court.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council 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.

**VILLAGE OF PENINSULA
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH

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

	2001	2000
Demand deposits	\$74,497	\$146,237
Certificates of deposit	260,082	323,377
Total deposits	\$334,579	\$469,614

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

**VILLAGE OF PENINSULA
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$522,338	\$525,598	\$3,260
Special Revenue	151,732	128,524	(23,208)
Capital Projects	44,000	0	(44,000)
Expendable Trust	0	41	41
Total	\$718,070	\$654,163	(\$63,907)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$752,697	\$667,885	\$84,812
Special Revenue	240,557	149,618	90,939
Capital Projects	60,410	8,206	52,204
Expendable Trust	0	0	0
Total	\$1,053,664	\$825,709	\$227,955

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$517,729	\$455,214	(\$62,515)
Special Revenue	183,105	179,449	(3,656)
Capital Projects	0	105,362	105,362
Total	\$700,834	\$740,025	\$39,191

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$989,283	\$800,692	\$188,591
Special Revenue	257,058	199,399	57,659
Capital Projects	5,435	1,463	3,972
Total	\$1,251,776	\$1,001,554	\$250,222

**VILLAGE OF PENINSULA
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. 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 payments, 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 Village.

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 Village.

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. The Village allows a 50 percent credit of income taxes paid to another municipality.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village's income tax collection agency either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide 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 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. For 2001 and 2000, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**VILLAGE OF PENINSULA
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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

8. CONTINGENT LIABILITIES

The Village is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



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

Village of Peninsula
Summit County
1582 Main Street
P.O. Box 177
Peninsula, Ohio 44264-0177

To the Village Council:

We have audited the accompanying financial statements of the Village of Peninsula, Summit County, (the Village) as of and for the years ended December 31, 2001 and 200, and have issued our report thereon dated April 16, 2002. 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 Village'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 certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 16, 2002.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village'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 Village in a separate letter dated April 16, 2002.

Village of Peninsula
Summit County
Report of Independent Accountants on Compliance and on Internal Control
Required By *Government Auditing Standards*
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This report is intended solely for the information and use of management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 16, 2002



STATE OF OHIO
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VILLAGE OF PENINSULA

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 9, 2002**