



**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



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

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**STATE OF OHIO**



**SHEFFIELD TOWNSHIP  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Sheffield Township  
Lorain County  
5166 Clinton Avenue  
Lorain, Ohio 44055

To the Board of Trustees:

We have audited the accompanying financial statements of Sheffield Township, Lorain County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Sheffield Township, Lorain County, Ohio, as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, the Board of Township Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

April 28, 2000

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$52,387	\$299,870	\$0	\$352,257
Intergovernmental	170,149	62,231	51,789	284,169
Charges for Services	56,622	0	0	56,622
Licenses, Permits, and Fees	8,164	0	0	8,164
Earnings on Investments	17,818	0	0	17,818
Other Revenue	10,271	21,906	0	32,177
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	315,411	384,007	51,789	751,207
<b>Cash Disbursements:</b>				
Current:				
General Government	172,206	0	0	172,206
Public Safety	37	82,334	0	82,371
Public Works	59,928	153,499	51,789	265,216
Health	6,407	0	0	6,407
Debt Service:				
Redemption of Principal	0	46,137	0	46,137
Interest and Fiscal Charges	0	5,250	0	5,250
Capital Outlay	96,692	23,652	0	120,344
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	335,270	310,872	51,789	697,931
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(19,859)	73,135	0	53,276
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	175,096	425,708	0	600,804
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$155,237</b>	<hr/> <b>\$498,843</b>	<hr/> <b>\$0</b>	<hr/> <b>\$654,080</b>

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

**SHEFFIELD TOWNSHIP  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$54,480	\$283,968	\$0	\$338,448
Intergovernmental	141,555	61,899	56,435	259,889
Charges for Services	24,648	0	0	24,648
Licenses, Permits, and Fees	28,238	0	0	28,238
Earnings on Investments	14,089	0	0	14,089
Other Revenue	24,725	16,400	0	41,125
	<u>287,735</u>	<u>362,267</u>	<u>56,435</u>	<u>706,437</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	204,478	0	0	204,478
Public Safety	36	75,177	0	75,213
Public Works	54,556	159,712	56,435	270,703
Health	5,523	0	0	5,523
Debt Service:				
Redemption of Principal	0	35,000	0	35,000
Interest and Fiscal Charges	0	10,189	0	10,189
Capital Outlay	0	13,403	0	13,403
	<u>264,593</u>	<u>293,481</u>	<u>56,435</u>	<u>614,509</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	<u>23,142</u>	<u>68,786</u>	<u>0</u>	<u>91,928</u>
Fund Cash Balances, January 1	<u>151,954</u>	<u>356,922</u>	<u>0</u>	<u>508,876</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$175,096</u></b>	<b><u>\$425,708</u></b>	<b><u>\$0</u></b>	<b><u>\$600,804</u></b>

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



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Sheffield Township, Lorain 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 road and bridge maintenance, fire protection and emergency medical services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

*Road and Bridge Fund* - This fund receives property tax revenue for constructing, maintaining and repairing Township roads and bridges.

*Gasoline Tax Fund* - This fund receives gasoline tax revenue to pay for constructing, maintaining and repairing Township roads.

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

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

**D. Fund Accounting (Continued)**

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

*Fire Equipment* - This fund receives property tax revenue for the maintenance and operation of fire equipment.

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Project Fund:

*Issue II Fund* - The Township received Issue II grants from the State of Ohio for Township road projects.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The Lorain County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The Budget Commission must also approve estimated resources.

**3. Encumbrances**

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

A summary of 1999 and 1998 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.

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

**2. 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>1999</u>	<u>1998</u>
Demand deposits	<u>\$381,624</u>	<u>\$341,643</u>
STAR Ohio	<u>272,456</u>	<u>259,161</u>
Total deposits and investments	<u><u>\$654,080</u></u>	<u><u>\$600,804</u></u>

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

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$402,075	\$315,411	(\$86,664)
Special Revenue	788,643	384,007	(404,636)
Capital Projects	<u>0</u>	<u>51,789</u>	<u>51,789</u>
Total	<u><u>\$1,190,718</u></u>	<u><u>\$751,207</u></u>	<u><u>(\$439,511)</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$322,720	\$335,270	(\$12,550)
Special Revenue	437,500	310,872	126,628
Capital Projects	<u>51,789</u>	<u>51,789</u>	<u>0</u>
Total	<u><u>\$812,009</u></u>	<u><u>\$697,931</u></u>	<u><u>\$114,078</u></u>

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

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$334,987	\$287,735	(\$47,252)
Special Revenue	691,736	362,267	(329,469)
Capital Projects	0	56,435	56,435
Total	\$1,026,723	\$706,437	(\$320,286)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$265,300	\$264,593	\$707
Special Revenue	415,700	293,481	122,219
Capital Projects	56,435	56,435	0
Total	\$737,435	\$614,509	\$122,926

The Township does not encumber funds contrary to Ohio Rev. Code Section 5705.41 (D).

The Township did not formally establish a fund as required by Ohio Rev. Code Section 5705.09 (F), and therefore did not establish the required budgetary authority. Failure to include the Issue II Program as a fund caused a budgetary weakness in appropriations exceeding estimated resources for both years.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The Ohio 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 of Ohio, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the Lorain County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the Lorain County by each April 30.

The Lorain County Auditor and Treasurer are responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

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

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Fire truck Acquisition Note	\$70,000	5%
Lease Obligation - Back-hoe	38,592	6%
Total	\$108,592	

The fire truck acquisition note relates to the purchase of a fire truck in 1997 and the lease obligation relates to the purchase of a back-hoe tractor in 1999.

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

Year ending December 31:	Lease Obligation	Acquisition Note
2000	\$11,137	\$38,500
2001	11,137	36,750
2002	11,137	0
2003	11,137	0
Total	\$44,548	\$75,250

**6. RETIREMENT SYSTEM**

All employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

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

**7. RISK MANAGEMENT**

The Township is a member of the Ohio Township Associations Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The pool may assess supplemental premiums. The following risks are covered by the Pool:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Public Officials Liability

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

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

Sheffield Township  
Lorain County  
5166 Clinton Avenue  
Lorain, Ohio 44055

To the Board of Trustees:

We have audited the financial statements of Sheffield Township, Lorain County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated April 28, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-40847-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 28, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, 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 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 the management of the Township in a separate letter dated April 28, 2000.

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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

April 28, 2000



**SHEFFIELD TOWNSHIP  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1999-10847-001**

Ohio Rev. Code Section 5705.41(D), requires in part that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from previous encumbrances.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within thirty days from the receipt of such certificates, if such expenditure is otherwise valid.
  
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

During 1999 and 1998, the Township Clerk certified the availability of funds after the purchase commitment was already made.

We recommend that the Township utilize purchase orders and certify the funds prior to making the purchase commitments. We also recommend the Township utilize the "Then and Now Certificates" when appropriate.





STATE OF OHIO  
OFFICE OF THE AUDITOR

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**SHEFFIELD TOWNSHIP**

**LORAIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 25, 2000**