



Dave Yost • Auditor of State



**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	1

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Sheffield Township  
Lorain County  
5166 Clinton Avenue  
Lorain, Ohio 44055-3444

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Sheffield Township (the Township) agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2014 and 2013, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

### Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2014 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2013 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2014 and 2013 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2014 Lorain National Bank account balance with the Township's financial institution. We found no exceptions. Also we observed the year-end bank balances on the financial institution's website for the other bank account balances. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2014 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2014 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.
6. We tested investments held at December 31, 2014 and December 31, 2013 to determine that they:

- a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions
- b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

### **Property Taxes, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2014 and one from 2013:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. We found that the Township posted revenues to the Fire and EMS fund at net for both years. This resulted in a variance of \$704 for 2014 and \$1,380 for 2013. There were no other exceptions.
  - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.

We recommend the Township post all property tax receipts at gross for all funds.

2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2014 and five from 2013. We also selected five receipts from the County Local Government Support Fund from 2014 and five from 2013.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from Ohio Public Works Commission (OPWC) to the Township during 2014 with OPWC.
  - a. We determined whether these receipts were allocated to the proper fund. We found that two of three payments were not recorded in the Township's accounting records and one was allocated to the wrong fund.
  - b. We determined whether the receipts were recorded in the proper year. We found that two of three payments were not recorded in the Township's accounting records.

We recommend the Township records all OPWC on-behalf payments in the accounting record and to the proper fund. The Township should review Auditor of State Technical Bulletin 2002-04 which explain the accounting methods to be used for OPWC funded projects.

5. We confirmed the amounts paid from the Medicount Management Inc., the service organization that performs the emergency medical billings, to the Township during 2013 and 2014 with the Receipt Register Report. We found no exceptions.
  - a. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
  - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

**Debt**

1. From the prior agreed-upon procedures documentation, we noted the following bonds and loans outstanding as of December 31, 2012. These amounts agreed to the Townships January 1, 2013 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2012:
2010 Fire Station Improvement and Equipment Bonds	\$637,500
OPWC - Dunton Road Improvement	8,438
OPWC - East 41st, 42nd , & 46th Street Rehab	4,466

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. All debt noted agreed to the summary we used in step 3 except for the Ohio Public Works Commission debt proceeds totaling \$23,687 which was not recorded in the accounting records.
3. We obtained a summary of bonded and loan debt activity for 2014 and 2013 and agreed principal and interest payments from the related debt amortization schedules and payment requests to General and Road & Bridge fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.
4. We obtained the amount of debt proceeds from the debt documents and compared to the amounts recorded per the Receipt Register Report. The Township did not record the on behalf Ohio Public Works Commission debt proceeds totaling \$23,687 in the accounting records.
5. For new debt issued during 2014, we inspected the debt legislation, noting the Township must use the proceeds on the Toledo Road Phase I project. We scanned the Payment Register Detail Report and noted the Township did not record the on behalf Ohio Public Works Commission payment of the proceeds to the vendor in 2014.

We recommend the Township record OPWC on behalf loan proceeds and disbursement in the accounting records. The Township should review Auditor of State Technical Bulletin 2002-04 which explain the accounting methods to be used for OPWC funded projects.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2014 and one payroll check for five employees from 2013 from the Employee Detail Adjustment Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. We also determined whether the payment was posted to the proper year. We found no exceptions.

2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2014 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2014. We noted the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	December 31, 2014	December 31, 2014	\$3,054.46	\$3,054.46
State income taxes	January 15, 2015	January 7, 2015	\$823.57	\$823.57
Local income tax	January 31, 2015	January 7, 2015	\$152.76	\$152.76
OPERS retirement	February 02, 2015	January 13, 2015	\$3,926.07	\$3,926.07

8. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2014 and 2013 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. We noted no such reimbursements.

#### **Non-Payroll Cash Disbursements**

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2014 and ten from the year ended 2013 and determined whether:

- a. The disbursements were for a proper public purpose. We found no exceptions.
- b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
- d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

#### **Compliance – Budgetary**

1. We compared the total estimated receipts from the Amended Official Certificate of Estimated Resources, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Road & Bridge and Gasoline Tax funds for the years ended December 31, 2014 and 2013. The amounts on the Certificate did not agree to the amount recorded in the accounting system for the following funds:
  - The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$308,311, for the Gas Tax Fund of \$90,000, and for the Road & Bridge Fund of \$196,118 for 2014. However, the final Amended Official Certificate of Estimated Resources reflected \$316,724 for the General Fund, \$80,150 for the Gas Tax Fund, and \$131,581 for the Road & Bridge Fund.



- The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$314,801 and for the Road & Bridge Fund of \$72,094 for 2013. However, the final Amended Official Certificate of Estimated Resources reflected \$311,280 for the General Fund and \$68,647 for the Road & Bridge Fund.

The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the Amended Official Certificate of Estimated Resources to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.

2. We scanned the appropriation measures adopted for 2014 and 2013 to determine whether, for the General, Road & Bridge and Gasoline Tax funds, the Trustees appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2014 and 2013 for the following funds: General, Road & Bridge and Gasoline Tax funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Road & Bridge and Gasoline Tax funds for the years ended December 31, 2014 and 2013. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2014 and 2013 for the General, Road & Bridge and Gasoline Tax funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2014 and 2013. We also inquired of management regarding whether the Township received new restricted receipts. We noted evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund in 2014. In 2014, Ohio Public Works Commission expended \$178,628 directly to contractors on behalf of the Township. The Township did not establish a capital project fund in 2014 to segregate these receipts and disbursements, in compliance with Section 5705.09.

We recommend the Township establish a capital projects fund to account for these Ohio Public Works Commission projects. The Township should review Auditor of State Technical Bulletin 2002-04 which explain the accounting methods to be used for OPWC funded projects.

7. We inquired of management and scanned the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Township did not establish these reserves.

8. We scanned the Cash Summary by Fund Report for the years ended December 31, 2014 and 2013 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

#### **Compliance – Contracts & Expenditures**

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2014 and 2013 to determine if the township proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct township roads (cost of project \$5,000-\$15,000/per mile) for which Ohio Rev. Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, and others within the Township, and is not intended to be, and should not be used by anyone other than these specified parties.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 31, 2015



# Dave Yost • Auditor of State

**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  
SEPTEMBER 15, 2015**