



**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000**



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

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**STATE OF OHIO**



**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

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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, 2001 and December 31, 2000. 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 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 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, 2001 and December 31, 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 June 7, 2002 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 audits.

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

**Jim Petro**  
Auditor of State

June 7, 2001

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

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

	<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	\$56,658	\$317,958	\$0	\$374,616
Intergovernmental	193,930	90,927	63,083	347,940
Charges for Services	0	10,825	0	10,825
Licenses, Permits, and Fees	9,256	0	0	9,256
Earnings on Investments	15,853	340	0	16,193
Other Revenue	0	7,374	0	7,374
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	275,697	427,424	63,083	766,204
<b>Cash Disbursements:</b>				
Current:				
General Government	168,914	0	0	168,914
Public Safety	245	49,579	0	49,824
Public Works	67,758	169,012	0	236,770
Health	6,825	0	0	6,825
Debt Service:				
Redemption of Principal	0	61,551	0	61,551
Interest and Fiscal Charges	0	7,416	0	7,416
Capital Outlay	49,741	80,415	63,083	193,239
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	293,483	367,973	63,083	724,539
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(17,786)	59,451	0	41,665
<b>Other Financing Receipts and (Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Bonds	0	0	0	0
Other Sources	35,650	0	0	35,650
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	35,650	0	0	35,650
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	17,864	59,451	0	77,315
Fund Cash Balances, January 1	156,183	455,032	0	611,215
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$174,047</b> <hr/>	<hr/> <b>\$514,483</b> <hr/>	<hr/> <b>\$0</b> <hr/>	<hr/> <b>\$688,530</b> <hr/>

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

**SHEFFIELD TOWNSHIP  
LORAIN 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$49,946	\$286,032	\$0	\$335,978
Intergovernmental	178,437	86,767	46,086	311,290
Charges for Services	0	13,617	0	13,617
Licenses, Permits, and Fees	11,954	0	0	11,954
Earnings on Investments	22,050	450	0	22,500
Other Revenue	0	11,574	0	11,574
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	262,387	398,440	46,086	706,913
<b>Cash Disbursements:</b>				
Current:				
General Government	141,728	0	0	141,728
Public Safety	280	94,024	0	94,304
Public Works	66,710	164,101	0	230,811
Health	6,405	0	0	6,405
Debt Service:				
Redemption of Principal	0	61,103	0	61,103
Interest and Fiscal Charges	0	8,080	0	8,080
Capital Outlay	58,496	200,943	46,086	305,525
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	273,619	528,251	46,086	847,956
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(11,232)	(129,811)	0	(141,043)
<b>Other Financing Receipts and (Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Bonds	0	86,000	0	86,000
Other Sources	12,178	0	0	12,178
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	12,178	86,000	0	98,178
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	946	(43,811)	0	(42,865)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	155,237	498,843	0	654,080
<b>Fund Cash Balances, December 31</b>	<hr/>	<hr/>	<hr/>	<hr/>
	<b>\$156,183</b>	<b>\$455,032</b>	<b>\$0</b>	<b>\$611,215</b>

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



**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

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

**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**

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 money for constructing, maintaining and repairing Township roads and bridges.

**SHEFFIELD TOWNSHIP  
LORAIN 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 District Fund* - This fund receives property tax money for constructing, maintaining and repairing Township roads.

*Fire Equipment Fund* - This fund receives property tax money for the purchase, maintenance, and operation of Township 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 (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

*Issue II Fund* – This fund accounts for Issue II grants received 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 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 cash as of January 1. The County 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 2001 and 2000 budgetary activity appears in Note 3.

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

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

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

**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.

**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:

	2001	2000
Demand deposits	\$386,598	\$321,297
Total deposits	386,598	321,297
 STAR Ohio	 301,932	 289,918
Total investments	301,932	289,918
Total deposits and investments	\$688,530	\$611,215

**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 December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$236,978	\$311,347	\$74,369
Special Revenue	397,673	427,424	29,751
Capital Projects	0	63,083	63,083
Total	\$634,651	\$801,854	\$167,203

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$248,838	\$293,483	(\$44,645)
Special Revenue	448,500	367,973	80,527
Capital Projects	63,083	63,083	0
Total	\$760,421	\$724,539	\$35,882

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$231,391	\$274,565	\$43,174
Special Revenue	390,332	484,440	94,108
Capital Projects	0	46,086	46,086
Total	\$621,723	\$805,091	\$183,368

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$351,300	\$273,619	\$77,681
Special Revenue	427,400	528,251	(100,851)
Capital Projects	46,086	46,086	0
Total	\$824,786	\$847,956	(\$23,170)

Contrary to Ohio Revised Code Section 5705.41(B), budgetary expenditures exceeded appropriation authority at the object level, which is the legal level of budgetary control for the Township, for numerous line items at the object level in the General, Motor Vehicle License Tax, Road and Bridge, Lighting Assessment, Fire Equipment, and Road District Funds at December 31, 2001, and the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, Fire Equipment, Road District, and Ambulance Funds at December 31, 2000.

The Township did not certify the availability and encumber funds, prior to making any contract or ordering any expenditure of money, in either year under audit, contrary to Ohio Revised Code Section 5705.41(D).

Contrary to Ohio Revised Code Section 5705.09(F), the Township did not establish a fund nor did it account for Issue II Program Grants in either year under audit. Additionally, the Township did not budget for these amounts paid on behalf of the Township which is contrary to Ohio Revised Code Section 5705.39.

**SHEFFIELD TOWNSHIP  
LORAIN 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 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.

**5. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ambulance Acquisition Bonds - 2000	\$51,600	5.64%
Lease Obligation - Back-Hoe	20,419	6.00%
Total	<u><u>\$72,019</u></u>	

The general obligation bonds were issued to finance the purchase of a new ambulance in 2000 to be used for Township's Fire Department EMS. The bonds are collateralized solely by the Township's taxing authority. The lease obligation relates to the purchase of a back-hoe tractor to be used by the Township road maintenance.

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

	<u>Lease obligation</u>	<u>General Obligation Bonds</u>
Year ending December 31:		
2002	\$11,137	\$20,110
2003	11,137	19,140
2004	1	18,170
Total	<u><u>\$22,275</u></u>	<u><u>\$57,420</u></u>

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

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

**6. RETIREMENT SYSTEMS**

Most Township 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. For 2001 and 2000, members of PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

Effective August 3, 1992, any new part-time Township firefighters are no longer covered by PERS and must contribute to social security. The Townships liability is 6.2 percent of wages paid.

**7. RISK POOL MEMBERSHIP**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31:

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

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

**7. RISK POOL MEMBERSHIP (Continued)**

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>

<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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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 accompanying financial statements of Sheffield Township, Lorain County, Ohio, (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated June 7, 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-40847-001, 201-40847-002, and 2001-40847-003.

**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 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 Township in a separate letter dated June 7, 2002.

Sheffield Township  
Lorain County  
Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely 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". The signature is stylized with a large loop at the end.

**Jim Petro**  
Auditor of State

June 7, 2002

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-40847-001**

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 2001 and 2000, 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.

**FINDING NUMBER 2001-40847-002**

Ohio Rev. Code Section 5705.09 (F) requires, in part, a special fund be created for each class of revenues which the law requires to be used for a particular purpose. Failure to create such a fund classification also means budget requirements will not be adhered to. Additionally, Ohio Rev. Code Section 5705.39 prohibits a political subdivision from making a fund appropriation in excess of estimated resources available for expenditure from the fund. In addition, Ohio Rev. Code Section 5705.40, requires that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation.

The Township participates in the Ohio Department of Transportation Issue II Program and received grants totaling \$63,083 in 2001 and \$48,086 in 2000. The Township did not create the required funds and did not budget for these amounts paid on behalf of the Township by the Ohio Department of Transportation in either year.

We recommend the Township create the appropriate fund(s) and include Issue II monies in the budget for approval by the Board of Trustees.

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2001-40847-003**

Ohio Rev. Code Sections 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated. The Township's legal level of budgetary control is at the object level.

The following funds had expenditures exceeding appropriations at the legal level of budgetary control on December 31, 2001:

<u>Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
<b>General Fund</b>			
Administration			
Salaries	\$ 25,938	\$ 26,226	(\$ 288)
Insurance	\$ 38,000	\$ 44,323	(\$ 6,323)
Town Halls, Memorial Buildings and Grants			
New Buildings and Additions	\$ 0	\$ 49,741	(\$ 49,741)
Zoning			
Other Expenses	\$ 3,000	\$ 3,072	(\$ 72)
<b>Motor Vehicle License Tax Fund</b>			
Maintenance			
Materials	\$ 1,000	\$ 6,112	(\$ 5,112)
<b>Road and Bridge Fund</b>			
Miscellaneous			
Employer's Retirement Contribution	\$ 5,000	\$ 9,868	(\$ 4,868)
Maintenance			
Salaries	\$ 50,000	\$ 65,712	(\$ 15,712)
<b>Lighting Assessment Fund</b>			
Contracts	\$ 10,000	\$ 12,334	(\$ 2,334)
<b>Fire Equipment Fund</b>			
Salaries	\$ 15,000	\$ 25,696	(\$ 10,696)
New Buildings and Equipment	\$ 56,000	\$ 59,770	(\$ 3,770)
Tools and Equipment	\$ 2,000	\$ 2,775	(\$ 775)
<b>Road District Fund</b>			
Miscellaneous			
Repairs	\$ 3,000	\$ 5,275	(\$ 2,275)
Other Expenses	\$ 1,000	\$ 11,007	(\$ 10,007)

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2001-40847-003  
(Continued)**

The following funds had expenditures exceeding appropriations at the legal level of budgetary control on December 31, 2000:

<u>Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
<b>General Fund</b>			
Administration			
Legal Council	\$ 2,000	\$ 4,077	(\$ 2,077)
Assessments and Contributions	\$ 100	\$ 280	(\$ 180)
State Examiners' Charges	\$ 3,700	\$ 4,259	(\$ 559)
Town Halls, Memorial Buildings and Grants			
Improvement of Sites	\$ 0	\$ 19,429	(\$ 19,429)
New Buildings and Additions	\$ 0	\$ 39,067	(\$ 39,067)
Fire Department			
Salaries	\$ 16,000	\$ 20,214	(\$ 4,214)
Repairs	\$ 1,000	\$ 1,527	(\$ 527)
Other Expenses	\$ 2,000	\$ 2,651	(\$ 651)
Insurance	\$ 1,000	\$ 1,287	(\$ 287)
Sanitary Dump			
Contracts	\$ 65,000	\$ 66,710	(\$ 1,710)
<b>Motor Vehicle License Tax Fund</b>			
Miscellaneous			
Repairs	\$ 3,000	\$ 4,442	(\$ 1,442)
Other Expenses	\$ 1,000	\$ 2,847	(\$ 1,847)
Maintenance			
Materials	\$ 2,000	\$ 9,710	(\$ 7,710)
<b>Gasoline Tax Fund</b>			
Maintenance			
Materials	\$ 17,000	\$ 21,186	(\$ 4,186)
<b>Road and Bridge Fund</b>			
Miscellaneous			
Repairs	\$ 2,000	\$ 3,276	(\$ 1,276)
<b>Fire Equipment Fund</b>			
New Buildings and Equipment	\$ 0	\$ 81,849	(\$ 81,849)
Contracts	\$ 40,000	\$ 58,901	(\$ 18,901)

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2001-40847-003  
(Continued)**

<u>Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Road District Fund			
Miscellaneous			
Employer Retirement Contributions	\$ 5,100	\$ 5,682	(\$ 582)
Tools and Equipment	\$ 18,000	\$ 79,426	(\$ 61,426)
Maintenance			
Salaries	\$ 35,000	\$ 40,598	(\$ 5,598)
 Ambulance Fund			
Salaries	\$ 27,000	\$ 27,648	(\$ 648)
Tools and Equipment	\$ 2,500	\$ 7,398	(\$ 4,898)
Repairs	\$ 2,000	\$ 4,444	(\$ 2,444)
Other Expenses	\$ 0	\$ 287	(\$ 287)

This weakness could allow expenditures in the above funds to exceed the total of the available fund balance and the current year revenues. This would then result in a negative cash fund balances.

We recommend the Township compare appropriations to expenditures and appropriations to expenditures plus encumbrances at the legal level of budgetary control, in all funds which are legally required to be budgeted, to ensure compliance with budgetary requirements. This comparison should be performed on a monthly basis, at minimum.

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-40847-001	Ohio Rev. Code Section 5705.41(D), failure to certify the availability of funds.	No	Not Corrected – Reissued as 2001-40847- 001







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**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  
JULY 5, 2002**