



**Mary Taylor, CPA**  
Auditor of State



**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets – For the Year Ended December 31, 2007.....	9
Statement of Activities – For the Year Ended December 31, 2007.....	10
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – For the Year Ended December 31, 2007.....	11
Statement of Cash Receipts, Disbursements and Changes Fund Balances – Governmental Funds – For the Year Ended December 31, 2007.....	13
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual:	
General Fund.....	15
Gasoline Tax Fund .....	16
Road and Bridge Fund .....	17
Light Levy Fund .....	18
Ambulance .50 Mill Levy Fund .....	19
Ambulance and Emergency Medical Services Fund.....	20
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets – For the Year Ended December 31, 2006.....	21
Statement of Activities – For the Year Ended December 31, 2006.....	22
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – For the Year Ended December 31, 2006.....	23
Statement of Cash Receipts, Disbursements and Changes Fund Balances – Governmental Funds – For the Year Ended December 31, 2006.....	25

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**TABLE OF CONTENTS  
(Continued)**

Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual:	
General Fund.....	27
Gasoline Tax Fund .....	28
Road and Bridge Fund .....	29
Light Levy Fund .....	30
Ambulance .50 Mill Levy Fund .....	31
Ambulance and Emergency Medical Services Fund.....	32
 Notes to the Financial Statements .....	 33
 Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	  47
 Schedule of Findings.....	 49
 Schedule of Prior Audit Findings.....	 51



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Sheffield Township  
Lorain County  
5166 Clinton Avenue  
Lorain, Ohio 44055

To the Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sheffield Township, Lorain County, Ohio (the Township), as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sheffield Township, Lorain County, Ohio, as of December 31, 2007 and December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Light Levy Fund, Ambulance .50 Mill Levy Fund, and Ambulance and Emergency Medical Services Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2007 and December 31, 2006, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2008, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

July 24, 2008

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and December 31, 2006  
Unaudited

---

This discussion and analysis of Sheffield Township's (the Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and December 31, 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights are as follows:

For 2007, net assets of governmental activities increased \$300,162, or twenty-four (24%) percent, a significant change from the prior year. The fund most affected by the increase was the General Fund. Due to a change in the distribution of local government funds, the Township received a larger portion than prior years. Interest income also increase due to decreasing the amount in the general checking and increasing deposits in higher interest bearing public funds accounts.

For 2006, net assets of governmental activities increased by \$309,993, or thirty-two (32%) percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Ambulance .5 Mill Levy Fund, which realized the greatest increase in income in 2006; however, other income increased due to prudent spending habits.

The Township's general receipts are primarily property and other local taxes. Property tax receipts represent forty-seven percent (47%) and forty eight percent (48%) of the total cash received for governmental activities during 2007 and 2006, respectively. Property tax receipts for 2006 changed very little compared to 2005, while property tax receipts for 2007 decreased \$22,153 or 5.3% compared to 2006 as development within the Township has slowed and a local commercial property was devalued.

Sheffield Township purchased property in 2007 with the vision of building a replacement fire station for the west side of the rail road tracks.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and December 31, 2006  
Unaudited

---

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Government as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Township into two types of activities:

Governmental activities. All of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Township has no business-type activity. Business-type activities are financed by a fee charged to the customers receiving the service.



**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and December 31, 2006  
Unaudited

**Reporting the Government's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into three categories: governmental, proprietary and fiduciary.

**Governmental Funds** - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Gasoline Tax, Road and Bridge, Light Levy, Ambulance .5 Mill Levy, and Ambulance and Emergency Medical Services funds.

**Proprietary Funds** – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Township has no proprietary funds.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs. The Township has no fiduciary funds.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006, and 2006 compared to 2005 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities		
	2007	2006	2005
<b>Assets</b>			
Cash and Cash Equivalents	\$1,212,151	\$929,586	\$960,375
Investments	358,379	340,782	0
Total Assets	1,570,530	1,270,368	960,375
<b>Net Assets</b>			
Restricted for:			
Other Purposes	1,075,588	1,018,996	903,173
Unrestricted	494,942	251,372	57,202
Total Net Assets	1,570,530	1,270,368	960,375

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and December 31, 2006  
Unaudited

As mentioned previously, net assets of governmental activities increased \$300,162 or 24 percent during 2007 and \$309,993 or 32 percent during 2006. The primary reason contributing to the increases was a more conservative spending approach.

Table 2 provides a summary of the Township's changes in net assets for 2007 compared to 2006, and 2006 compared to 2005 on a cash basis:

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2007	Governmental Activities 2006	Governmental Activities 2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$119,775	\$136,538	\$43,959
Operating Grants and Contributions	96,573	85,651	78,877
Capital Grants and Contributions	4,325	0	0
Total Program Receipts	<u>220,673</u>	<u>222,189</u>	<u>122,836</u>
General Receipts:			
Property and Other Local Taxes	416,693	438,846	426,800
Grants and Entitlements Not Restricted to Specific Programs	199,581	216,651	261,516
Interest	43,333	23,675	10,895
Miscellaneous	6,346	6,278	21,557
Total General Receipts	<u>665,953</u>	<u>685,450</u>	<u>720,768</u>
Total Receipts	<u>886,626</u>	<u>907,639</u>	<u>843,604</u>
Disbursements:			
General Government	120,600	171,974	148,916
Public Safety	231,731	154,745	144,424
Public Works	223,596	251,919	296,330
Health	7,560	16,031	8,000
Capital Outlay	0	0	54,809
Principal Retirement	2,977	2,977	2,977
Total Disbursements	<u>586,464</u>	<u>597,646</u>	<u>655,456</u>
Increase (Decrease) in Net Assets	300,162	309,993	188,148
Net Assets, January 1	<u>1,270,368</u>	<u>960,375</u>	<u>772,227</u>
Net Assets, December 31	<u>\$1,570,530</u>	<u>\$1,270,368</u>	<u>\$960,375</u>

Program receipts represents 25 percent and 24 percent of total receipts in 2007 and 2006, respectively, and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees.

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and December 31, 2006  
Unaudited

General receipts represent 75 percent and 76 percent of the Township's total receipts in 2007 and 2006, respectively, and includes property tax. State and federal grants and entitlements make up a majority of the balance of the Township's general receipts (30 and 32 percent for 2007 and 2006, respectively). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of Board of Trustees/ Fiscal Officer, Zoning Department and various boards, as well as internal services such as payroll and purchasing.

Security of Persons and Property are the costs of fire protection/ambulance service, Pubic Health Services are fees paid to the Lorain County health department. Transportation is the cost of maintaining the roads. The road department started using a crack sealant on the roads. This system is designed to give added life to the road. The cost of this maintenance program has added to the cost of this department.

**Governmental Activities**

If you look at the Statement of Activities on pages 10 and 22, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. For 2007, the major program disbursements for governmental activities are for public safety and public works, which account for 40 and 38 percent of all governmental disbursements, respectively. For 2006, the major program disbursements for governmental activities are for general government and public works, which account for 29 and 42 percent of all governmental disbursements, respectively. General government also represents a significant cost in 2007, about 21 percent. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
General Government	\$120,600	(\$89,717)	\$171,974	(\$164,278)
Public Safety	231,731	(140,514)	154,745	(51,550)
Public Works	223,596	(127,023)	251,919	(140,621)
Health	7,560	(7,560)	16,031	(16,031)
Capital Outlay	0	0	0	0
Other	0	2,000	0	0
Principal Retirement	2,977	(2,977)	2,977	(2,977)
<b>Total Expenses</b>	<b><u>\$586,464</u></b>	<b><u>(\$365,791)</u></b>	<b><u>\$597,646</u></b>	<b><u>(\$375,457)</u></b>

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and December 31, 2006  
Unaudited

---

**The Government's Funds**

For 2007, total governmental funds had receipts of \$886,626 and disbursements of \$586,464. For 2006, total governmental funds had receipts of \$907,639 and disbursements of \$597,646. The greatest change within governmental funds occurred within the General Fund in 2007 and the Ambulance .5 Mill Levy Fund in 2006. The fund balance of the General Fund increased \$148,860 in 2007 and the Ambulance .5 Mill Levy Fund increased \$116,778 in 2006 due to prudent spending, unbudgeted revenue from inheritance tax, and increase in interest income from utilization of higher interest accounts.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2007 and 2006, the Township amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to increase in interest income and inheritance income. The difference between final budgeted receipts and actual receipts was significant.

**Capital Assets and Debt Administration**

**Capital Assets**

The Township does not currently keep track of its capital assets and infrastructure. Implementation of a tracking system is not yet definite.

**Debt**

At December 31, 2007, the Township's outstanding debt totaled \$19,353 in OPWC loans issued for road improvements. For further information regarding Township's debt, refer to Note 10 to basic financial statements.

**Current Issues**

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our prudent spending habits help to ease the crunch in property tax. We continue to have support for our levy's and live within the income they produce. We have had no new levies, they are always renewals.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Patricia F. Echko, Fiscal Officer, Sheffield Township 5166 Clinton Avenue, Lorain, Ohio 44055.

**Sheffield Township**  
**Lorain County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2007*

---

---

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,212,151
Investments	<u>358,379</u>
<i>Total Assets</i>	<u><u>\$1,570,530</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	1,075,588
Unrestricted	<u>494,942</u>
<i>Total Net Assets</i>	<u><u>\$1,570,530</u></u>

See accompanying notes to the basic financial statements

**This Page is Intentionally Left Blank.**

**Sheffield Township**  
**Lorain County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2007*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General Government	\$120,600	\$30,883	\$0	\$0	(\$89,717)
Public Safety	231,731	88,892	0	2,325	(140,514)
Public Works	223,596	0	96,573	0	(127,023)
Health	7,560	0	0	0	(7,560)
Other	0	0	0	2,000	2,000
Debt Service:					
Principal Retirement	2,977	0	0	0	(2,977)
<i>Total Governmental Activities</i>	<u>586,464</u>	<u>119,775</u>	<u>96,573</u>	<u>4,325</u>	<u>(365,791)</u>
		<b>General Receipts</b>			
		Property and Other Local Taxes			416,693
		Grants and Entitlements not Restricted to Specific Programs			199,581
		Interest			43,333
		Miscellaneous			6,346
		<i>Total General Receipts</i>			665,953
		Change in Net Assets			300,162
		<i>Net Assets Beginning of Year</i>			<u>1,270,368</u>
		<i>Net Assets End of Year</i>			<u>\$1,570,530</u>

See accompanying notes to the basic financial statements

**Sheffield Township**  
**Lorain County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2007*

	General	Gasoline Tax	Road and Bridge	Light Levy
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$254,081	\$125,840	\$169,700	\$72,719
Investments	50,990	35,324	10,000	214,000
<i>Total Assets</i>	<u>\$305,071</u>	<u>\$161,164</u>	<u>\$179,700</u>	<u>\$286,719</u>
<b>Fund Balances</b>				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	305,071	0	0	0
Special Revenue Funds	0	161,164	179,700	286,719
<i>Total Fund Balances</i>	<u>\$305,071</u>	<u>\$161,164</u>	<u>\$179,700</u>	<u>\$286,719</u>

See accompanying notes to the basic financial statements



Ambulance .5 Mill Levy	Ambulance and Emergency Medical Services	Other Governmental Funds	Total Governmental Funds
\$207,475	\$96,976	\$285,360	\$1,212,151
0	40,000	8,065	358,379
<u>\$207,475</u>	<u>\$136,976</u>	<u>\$293,425</u>	<u>\$1,570,530</u>

0	0	0	305,071
207,475	136,976	293,425	1,265,459
<u>\$207,475</u>	<u>\$136,976</u>	<u>\$293,425</u>	<u>\$1,570,530</u>

**Sheffield Township  
Lorain County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2007*

	General	Gasoline Tax	Road and Bridge	Light Levy
<b>Receipts</b>				
Property and Other Local Taxes	\$144,447	\$0	\$68,334	\$27,159
Licenses, Permits and Fees	26,956	0	0	0
Fines and Forfeitures	397	0	0	0
Intergovernmental	162,731	91,043	10,758	5,534
Special Assessments	0	0	0	0
Interest	38,819	4,253	0	0
Other	4,426	0	0	0
<i>Total Receipts</i>	<u>377,776</u>	<u>95,296</u>	<u>79,092</u>	<u>32,693</u>
<b>Disbursements</b>				
Current:				
General Government	120,600	0	0	0
Public Safety	0	0	0	0
Public Works	100,756	61,653	37,828	21,305
Health	7,560	0	0	0
Debt Service:				
Principal Retirement	0	0	2,977	0
<i>Total Disbursements</i>	<u>228,916</u>	<u>61,653</u>	<u>40,805</u>	<u>21,305</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	148,860	33,643	38,287	11,388
<i>Fund Balances Beginning of Year</i>	<u>156,211</u>	<u>127,521</u>	<u>141,413</u>	<u>275,331</u>
<i>Fund Balances End of Year</i>	<u><u>\$305,071</u></u>	<u><u>\$161,164</u></u>	<u><u>\$179,700</u></u>	<u><u>\$286,719</u></u>

See accompanying notes to the basic financial statements

Ambulance .5 Mill Levy	Ambulance and Emergency Medical Services	Other Governmental Funds	Total Governmental Funds
\$25,023	\$109,748	\$41,982	\$416,693
88,892	0	0	115,848
0	0	0	397
4,092	11,749	14,572	300,479
0	0	3,530	3,530
0	0	261	43,333
0	0	1,920	6,346
<u>118,007</u>	<u>121,497</u>	<u>62,265</u>	<u>886,626</u>
0	0	0	120,600
63,171	125,175	43,385	231,731
0	0	2,054	223,596
0	0	0	7,560
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,977</u>
<u>63,171</u>	<u>125,175</u>	<u>45,439</u>	<u>586,464</u>
54,836	(3,678)	16,826	300,162
<u>152,639</u>	<u>140,654</u>	<u>276,599</u>	<u>1,270,368</u>
<u>\$207,475</u>	<u>\$136,976</u>	<u>\$293,425</u>	<u>\$1,570,530</u>

**Sheffield Township**  
**Lorain County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$153,647	\$154,456	\$144,447	(\$10,009)
Licenses, Permits and Fees	15,000	0	26,956	26,956
Fines and Forfeitures	0	0	397	397
Intergovernmental	151,075	145,142	162,731	17,589
Interest	3,000	18,000	38,819	20,819
Other	0	0	4,426	4,426
<i>Total receipts</i>	322,722	317,598	377,776	60,178
<b>Disbursements</b>				
Current:				
General Government	176,650	176,650	120,600	56,050
Public Works	118,750	118,750	100,756	17,994
Health	17,000	17,000	7,560	9,440
<i>Total Disbursements</i>	312,400	312,400	228,916	83,484
<i>Excess of Receipts Over (Under) Disbursements</i>	10,322	5,198	148,860	143,662
<i>Fund Balance Beginning of Year</i>	156,211	156,211	156,211	0
<i>Fund Balance End of Year</i>	\$166,533	\$161,409	\$305,071	\$143,662

See accompanying notes to the basic financial statements

**Sheffield Township**  
**Lorain County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Intergovernmental	\$80,300	\$80,300	\$91,043	\$10,743
Interest	0	0	4,253	4,253
<i>Total receipts</i>	<u>80,300</u>	<u>80,300</u>	<u>95,296</u>	<u>14,996</u>
<b>Disbursements</b>				
Current:				
Public Works	70,000	70,000	61,653	8,347
<i>Total Disbursements</i>	<u>70,000</u>	<u>70,000</u>	<u>61,653</u>	<u>8,347</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	10,300	10,300	33,643	23,343
<i>Fund Balance Beginning of Year</i>	<u>127,521</u>	<u>127,521</u>	<u>127,521</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$137,821</u>	<u>\$137,821</u>	<u>\$161,164</u>	<u>\$23,343</u>

See accompanying notes to the basic financial statements

**Sheffield Township**  
**Lorain County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Road and Bridge Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$69,431	\$75,138	\$68,334	(\$6,804)
Intergovernmental	7931	6279	10,758	4,479
Other	1200	1200	0	(1,200)
<i>Total receipts</i>	<u>78,562</u>	<u>82,617</u>	<u>79,092</u>	<u>(3,525)</u>
<b>Disbursements</b>				
Current:				
Public Works	70,000	70,000	37,828	32,172
Debt Service:				
Principal Retirement	0	0	2,977	(2,977)
<i>Total Disbursements</i>	<u>70,000</u>	<u>70,000</u>	<u>40,805</u>	<u>29,195</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	8,562	12,617	38,287	25,670
<i>Fund Balance Beginning of Year</i>	<u>141,413</u>	<u>141,413</u>	<u>141,413</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$149,975</u>	<u>\$154,030</u>	<u>\$179,700</u>	<u>\$25,670</u>

See accompanying notes to the basic financial statements

**Sheffield Township**  
**Lorain County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Light Levy Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$28,081	\$27,847	\$27,159	(\$688)
Intergovernmental	6,345	5,023	5,534	511
<i>Total receipts</i>	<u>34,426</u>	<u>32,870</u>	<u>32,693</u>	<u>(177)</u>
<b>Disbursements</b>				
Current:				
Public Works	24,800	24,800	21,305	3,495
<i>Total Disbursements</i>	<u>24,800</u>	<u>24,800</u>	<u>21,305</u>	<u>3,495</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	9,626	8,070	11,388	3,318
<i>Fund Balance Beginning of Year</i>	<u>275,331</u>	<u>275,331</u>	<u>275,331</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$284,957</u></u>	<u><u>\$283,401</u></u>	<u><u>\$286,719</u></u>	<u><u>\$3,318</u></u>

See accompanying notes to the basic financial statements

**Sheffield Township**  
**Lorain County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Ambulance .5 Mill Levy Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$27,744	\$27,579	\$25,023	(\$2,556)
Licenses, Permits and Fees	65,000	65,000	88,892	23,892
Intergovernmental	3,172	2,511	4,092	1,581
<i>Total receipts</i>	<u>95,916</u>	<u>95,090</u>	<u>118,007</u>	<u>22,917</u>
<b>Disbursements</b>				
Current:				
Public Safety	70,000	70,000	63,171	6,829
<i>Total Disbursements</i>	<u>70,000</u>	<u>70,000</u>	<u>63,171</u>	<u>6,829</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	25,916	25,090	54,836	29,746
<i>Fund Balance Beginning of Year</i>	<u>152,639</u>	<u>152,639</u>	<u>152,639</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$178,555</u>	<u>\$177,729</u>	<u>\$207,475</u>	<u>\$29,746</u>

See accompanying notes to the basic financial statements



**Sheffield Township**

**Lorain County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Ambulance and Emergency Medical Services Fund  
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$114,411	\$113,645	\$109,748	(\$3,897)
Intergovernmental	14,276	11,301	11,749	448
<i>Total receipts</i>	<u>128,687</u>	<u>124,946</u>	<u>121,497</u>	<u>(3,449)</u>
<b>Disbursements</b>				
Current:				
Public Safety	136,000	136,000	125,175	10,825
<i>Total Disbursements</i>	<u>136,000</u>	<u>136,000</u>	<u>125,175</u>	<u>10,825</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(7,313)	(11,054)	(3,678)	7,376
<i>Fund Balance Beginning of Year</i>	<u>140,654</u>	<u>140,654</u>	<u>140,654</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$133,341</u></u>	<u><u>\$129,600</u></u>	<u><u>\$136,976</u></u>	<u><u>\$7,376</u></u>

See accompanying notes to the basic financial statements

**Sheffield Township**  
**Lorain County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2006*

---

---

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$929,586
Investments	<u>340,782</u>
<i>Total Assets</i>	<u><u>\$1,270,368</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	1,018,996
Unrestricted	<u>251,372</u>
<i>Total Net Assets</i>	<u><u>\$1,270,368</u></u>

See accompanying notes to the basic financial statements

**Sheffield Township**  
**Lorain County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2006*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$171,974	\$7,696	\$0	(\$164,278)
Public Safety	154,745	103,195	0	(51,550)
Public Works	251,919	25,647	85,651	(140,621)
Health	16,031	0	0	(16,031)
Debt Service: Principal Retirement	2,977	0	0	(2,977)
<i>Total Governmental Activities</i>	<u>597,646</u>	<u>136,538</u>	<u>85,651</u>	<u>(375,457)</u>
		<b>General Receipts</b>		
		Property and Other Local Taxes		438,846
		Grants and Entitlements not Restricted to Specific Programs		216,651
		Interest		23,675
		Miscellaneous		6,278
		<i>Total General Receipts</i>		685,450
		Change in Net Assets		309,993
		<i>Net Assets Beginning of Year</i>		<u>960,375</u>
		<i>Net Assets End of Year</i>		<u>\$1,270,368</u>

See accompanying notes to the basic financial statements

**Sheffield Township**  
**Lorain County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2006*

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Light Levy</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$122,081	\$93,931	\$131,413	\$61,331
Investments	34,130	33,590	10,000	214,000
<i>Total Assets</i>	<u>\$156,211</u>	<u>\$127,521</u>	<u>\$141,413</u>	<u>\$275,331</u>
<b>Fund Balances</b>				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	156,211	0	0	0
Special Revenue Funds	0	127,521	141,413	275,331
<i>Total Fund Balances</i>	<u>\$156,211</u>	<u>\$127,521</u>	<u>\$141,413</u>	<u>\$275,331</u>

See accompanying notes to the basic financial statements

Ambulance .5 Mill Levy	Ambulance and Emergency Medical Services	Other Governmental Funds	Total Governmental Funds
\$152,639	\$100,654	\$267,537	\$929,586
0	40,000	9,062	340,782
<u>\$152,639</u>	<u>\$140,654</u>	<u>\$276,599</u>	<u>\$1,270,368</u>
0	0	0	156,211
152,639	140,654	276,599	1,114,157
<u>\$152,639</u>	<u>\$140,654</u>	<u>\$276,599</u>	<u>\$1,270,368</u>

**Sheffield Township  
Lorain County**

*Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2006*

	General	Gasoline Tax	Road and Bridge	Light Levy
<b>Receipts</b>				
Property and Other Local Taxes	\$155,109	\$0	\$68,212	\$29,534
Licenses, Permits and Fees	25,647	0	0	0
Fines and Forfeitures	3,220	0	0	0
Intergovernmental	146,581	80,243	8,701	4,478
Special Assessments	0	0	0	0
Interest	20,539	2,997	0	0
Other	564	0	0	0
<i>Total Receipts</i>	<u>351,660</u>	<u>83,240</u>	<u>76,913</u>	<u>34,012</u>
<b>Disbursements</b>				
Current:				
General Government	137,754	0	0	0
Public Safety	0	0	0	0
Public Works	98,866	74,430	58,898	13,449
Health	16,031	0	0	0
Debt Service:				
Principal Retirement	0	0	2,977	0
<i>Total Disbursements</i>	<u>252,651</u>	<u>74,430</u>	<u>61,875</u>	<u>13,449</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	99,009	8,810	15,038	20,563
<i>Fund Balances Beginning of Year</i>	<u>57,202</u>	<u>118,711</u>	<u>126,375</u>	<u>254,768</u>
<i>Fund Balances End of Year</i>	<u><u>\$156,211</u></u>	<u><u>\$127,521</u></u>	<u><u>\$141,413</u></u>	<u><u>\$275,331</u></u>

See accompanying notes to the basic financial statements

Ambulance .5 Mill Levy	Ambulance and Emergency Medical Services	Other Governmental Funds	Total Governmental Funds
\$27,257	\$113,284	\$45,450	\$438,846
103,195	2,200	0	131,042
0	0	0	3,220
3,699	14,639	43,961	302,302
0	0	2,276	2,276
0	0	139	23,675
2,460	0	3,254	6,278
<u>136,611</u>	<u>130,123</u>	<u>95,080</u>	<u>907,639</u>
0	979	33,241	171,974
19,833	99,255	35,657	154,745
0	0	6,276	251,919
0	0	0	16,031
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,977</u>
<u>19,833</u>	<u>100,234</u>	<u>75,174</u>	<u>597,646</u>
116,778	29,889	19,906	309,993
<u>35,861</u>	<u>110,765</u>	<u>256,693</u>	<u>960,375</u>
<u>\$152,639</u>	<u>\$140,654</u>	<u>\$276,599</u>	<u>\$1,270,368</u>

**Sheffield Township**  
**Lorain County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$165,268	\$156,418	\$155,109	(\$1,309)
Licenses, Permits and Fees	22,500	6,222	25,647	19,425
Fines and Forfeitures	0	0	3,220	3,220
Intergovernmental	102,109	141,365	146,581	5,216
Interest	7,500	8,400	20,539	12,139
Other	15,000	0	564	564
<i>Total receipts</i>	<u>312,377</u>	<u>312,405</u>	<u>351,660</u>	<u>39,255</u>
<b>Disbursements</b>				
Current:				
General Government	198,550	198,550	137,754	60,796
Public Works	116,586	116,586	98,866	17,720
Health	17,284	17,284	16,031	1,253
<i>Total Disbursements</i>	<u>332,420</u>	<u>332,420</u>	<u>252,651</u>	<u>79,769</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(20,043)	(20,015)	99,009	119,024
<i>Fund Balance Beginning of Year</i>	<u>57,202</u>	<u>57,202</u>	<u>57,202</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$37,159</u>	<u>\$37,187</u>	<u>\$156,211</u>	<u>\$119,024</u>

See accompanying notes to the basic financial statements



**Sheffield Township**  
**Lorain County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Intergovernmental	\$73,300	\$73,300	\$80,243	\$6,943
Interest	0	0	2,997	2,997
<i>Total receipts</i>	73,300	73,300	83,240	9,940
<b>Disbursements</b>				
Current:				
Public Works	70,000	95,000	74,430	20,570
<i>Total Disbursements</i>	70,000	95,000	74,430	20,570
<i>Excess of Receipts Over (Under) Disbursements</i>	3,300	(21,700)	8,810	30,510
<i>Fund Balance Beginning of Year</i>	118,711	118,711	118,711	0
<i>Fund Balance End of Year</i>	\$122,011	\$97,011	\$127,521	\$30,510

See accompanying notes to the basic financial statements

**Sheffield Township**  
**Lorain County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Road and Bridge Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$75,846	\$75,846	\$68,212	(\$7,634)
Intergovernmental	0	0	8,701	8,701
<i>Total receipts</i>	75,846	75,846	76,913	1,067
<b>Disbursements</b>				
Current:				
Public Works	70,000	70,000	58,898	11,102
Debt Service:				
Principal Retirement	0	0	2,977	(2,977)
<i>Total Disbursements</i>	70,000	70,000	61,875	8,125
<i>Excess of Receipts Over (Under) Disbursements</i>	5,846	5,846	15,038	9,192
<i>Fund Balance Beginning of Year</i>	126,375	126,375	126,375	0
<i>Fund Balance End of Year</i>	\$132,221	\$132,221	\$141,413	\$9,192

See accompanying notes to the basic financial statements

**Sheffield Township**  
**Lorain County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Light Levy Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$33,214	\$33,214	\$29,534	(\$3,680)
Intergovernmental	0	0	4,478	4,478
<i>Total receipts</i>	33,214	33,214	34,012	798
<b>Disbursements</b>				
Current:				
Public Works	20,000	20,000	13,449	6,551
<i>Total Disbursements</i>	20,000	20,000	13,449	6,551
<i>Excess of Receipts Over (Under) Disbursements</i>	13,214	13,214	20,563	7,349
<i>Fund Balance Beginning of Year</i>	254,768	254,768	254,768	0
<i>Fund Balance End of Year</i>	\$267,982	\$267,982	\$275,331	\$7,349

See accompanying notes to the basic financial statements

**Sheffield Township**  
**Lorain County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Ambulance .5 Mill Levy Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$30,310	\$30,310	\$27,257	(\$3,053)
Licenses, Permits and Fees	18,000	18,000	103,195	85,195
Intergovernmental	0	0	3,699	3,699
Other	0	0	2,460	2,460
<i>Total receipts</i>	48,310	48,310	136,611	88,301
<b>Disbursements</b>				
Current:				
Public Safety	35,000	35,000	19,833	15,167
<i>Total Disbursements</i>	35,000	35,000	19,833	15,167
<i>Excess of Receipts Over (Under) Disbursements</i>	13,310	13,310	116,778	103,468
<i>Fund Balance Beginning of Year</i>	35,861	35,861	35,861	0
<i>Fund Balance End of Year</i>	\$49,171	\$49,171	\$152,639	\$103,468

See accompanying notes to the basic financial statements

**Sheffield Township**

**Lorain County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Ambulance and Emergency Medical Services Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$125,957	\$125,957	\$113,284	(\$12,673)
Licenses, Permits and Fees	0	0	2,200	2,200
Intergovernmental	0	0	14,639	14,639
Other	2,000	2,000	0	(2,000)
<i>Total receipts</i>	<u>127,957</u>	<u>127,957</u>	<u>130,123</u>	<u>2,166</u>
<b>Disbursements</b>				
Current:				
General Government	0	0	979	(979)
Public Safety	124,500	124,500	99,255	25,245
<i>Total Disbursements</i>	<u>124,500</u>	<u>124,500</u>	<u>100,234</u>	<u>24,266</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	3,457	3,457	29,889	26,432
<i>Fund Balance Beginning of Year</i>	<u>110,765</u>	<u>110,765</u>	<u>110,765</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$114,222</u></u>	<u><u>\$114,222</u></u>	<u><u>\$140,654</u></u>	<u><u>\$26,432</u></u>

See accompanying notes to the basic financial statements

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**Notes to the Financial Statements  
December 31, 2007 and 2006  
(Continued)**

**Note 1 – Reporting Entity**

The Township of Sheffield, Lorain County, Ohio, Sheffield Township, is a body politic and corporate established in 1928 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

The Township consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges. The Township has a Fire Department for fire protection that also provides ambulance service. These services are done with a Voluntary force. Police protection is provided by the Lorain County Sheriff.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the *cash* basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements show only those activities of the Township that are governmental because the Township has no business activity. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**Notes to the Financial Statements  
December 31, 2007 and 2006  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**A. Basis of Presentation (Continued)**

**Government-Wide Financial Statements (Continued)**

The statement of net assets presents the cash and investment balances, of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function on a *cash* basis or draws from the Township's general receipts.

**Fund Financial Statements**

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**B. Fund Accounting**

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of Sheffield Township are governmental only.

**Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. For Fiscal Years 2007 and 2006, the Township had the following major funds:

*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.

*Gasoline Tax Fund* – This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

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

*Light Levy Fund* – This fund receives property tax money for the purchase, maintenance, and operating of Township street lights.

*General Operating Road Levy Fund* – This fund receives property tax money to provide for general operating expenses of the Township.

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**Notes to the Financial Statements  
December 31, 2007 and 2006  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**B. Fund Accounting (Continued)**

**Governmental Funds (Continued)**

*Ambulance .5 Mill Levy Fund* – This fund receives property tax money to provide for general operating expenses of emergency medical services.

*Ambulance and Emergency Medical Services Fund* – This fund receives property tax money to provide for ambulance and emergency medical service expenses of the Township.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

**C. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.



**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**Notes to the Financial Statements  
December 31, 2007 and 2006  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**D. Budgetary Process (Continued)**

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**E. Cash and Investments**

Township records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the 2005 financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. 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 negative receipts (contra revenue), respectively.

During 2007 and 2006, the Township invested in nonnegotiable certificates of deposit and STAR Ohio.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007 and December 31, 2006.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

**G. Inventory and Prepaid Items**

The Township has no inventories and prepaid items. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

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

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**Notes to the Financial Statements  
December 31, 2007 and 2006  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**I. Interfund Receivables/Payables**

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. Accumulated Leave**

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

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-Term Obligations**

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**Note 3 – Compliance**

Contrary to Ohio Revised Code Section 5549.21, the Township entered into a contract to purchase a dump truck costing more than \$25,000 without putting it out for bid. Also, contrary to Ohio Rev. Code Sections 5705.41(B), the Township had expenditures plus encumbrances in excess of appropriations as of December 31, 2006 for the Recycling Grant Fund. The Township will implement procedures to comply with this requirement.

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**Notes to the Financial Statements  
December 31, 2007 and 2006  
(Continued)**

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Light Levy Fund, General Operating Road Levy Fund, Ambulance .50 Mill Levy Fund, and Ambulance and Emergency Medical Services Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

**Note 5 – Deposits and Investments**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**Notes to the Financial Statements  
December 31, 2007 and 2006  
(Continued)**

**Note 5 - Deposits and Investments (Continued)**

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**Deposits**

The carrying value of the Township's deposits is \$1,212,151 and \$929,586 for 2007 and 2006, respectively. Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. \$965,992 of the Township's bank balance of \$1,165,992 at December 31, 2007, and \$676,620 of the Township's bank balance of \$876,620 at December 31, 2006 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. Although the securities were held by pledging institution's trust department and all statutory requirements for the investment of money had been followed, non compliance with Federal requirements could potentially subject the Township to a successful claim by the FDIC.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Investments**

As of December 31, 2007 and December 31, 2006, the Township had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
December 31, 2007 STAR Ohio	\$358,379	Less than One Year
December 31, 2006 STAR Ohio	\$340,782	Less than One Year

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**Notes to the Financial Statements  
December 31, 2007 and 2006  
(Continued)**

**Note 5 - Deposits and Investments (Continued)**

**Investments (Continued)**

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township does not have an investment policy beyond the requirements of state statute. Ohio law addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**NOTE 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 and 2006 represent the collection of 2006 and 2005 taxes respectively. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2007, and are collected with real property taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2006, and are collected in 2007 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**Notes to the Financial Statements  
December 31, 2007 and 2006  
(Continued)**

**NOTE 6 – Property Taxes (Continued)**

Tangible personal property tax receipts received in 2007 and 2006 (other than public utility property) represent the collection of 2007 and 2006 taxes respectively. Tangible personal property taxes received in 2007 and 2006 were levied after October 1, 2006 and October 1, 2005 respectively, on the true value as of December 31, 2006 and December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2007, was \$76.72 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential/Mobile Home	\$38,751,380
Agricultural	23,210
Commercial/Industrial/Railroad	18,614,810
Tangible Personal Property	2,439,617
Public Utility	2,720,570
Total Assessed Value	\$62,549,587

The full tax rate for all Township operations for the year ended December 31, 2006, was \$51.29 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential/Mobile Home	\$34,462,690
Agricultural	21,280
Commercial/Industrial/Railroad	18,190,670
Tangible Personal Property	3,761,900
Public Utility	2,870,120
Total Assessed Value	\$59,306,660

**Note 7 – Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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.

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**Notes to the Financial Statements  
December 31, 2007 and 2006  
(Continued)**

**Note 7 – Risk Management (Continued)**

**Casualty Coverage**

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

**Property Coverage**

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**Financial Position**

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**Notes to the Financial Statements  
December 31, 2007 and 2006  
(Continued)**

**Note 7 – Risk Management (Continued)**

**Financial Position (Continued)**

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$19,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
2005	\$29,394
2006	\$26,780
2007	\$20,263

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 8 – Defined Benefit Pension Plan**

**Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.



**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**Notes to the Financial Statements  
December 31, 2007 and 2006  
(Continued)**

**Note 8 – Defined Benefit Pension Plan (Continued)**

**Ohio Public Employees Retirement System (Continued)**

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$34,099, \$31,678 and \$21,209 respectively. The full amount has been contributed for 2007, 2006, and 2005.

**Note 9 – Postemployment Benefits**

**Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.85 percent of covered payroll. The portion of employer contributions, for all employers, allocated to health care was 5.00% from January 1 through June 30, 2007 and 6.00% from July 1 through December 31, 2007.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**Notes to the Financial Statements  
December 31, 2007 and 2006  
(Continued)**

**Note 9 – Postemployment Benefits (Continued)**

**Ohio Public Employees Retirement System (Continued)**

The Traditional Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$13,541. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) was effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**Note 10 – Debt**

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rated	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007	Due Within One Year
Governmental Activities						
OPWC Loans						
2004 Issue	0.00%	\$22,330	\$0	\$2,977	\$19,353	\$2,977

The Township's long-term debt activity for the year ended December 31, 2006, was as follows:

	Interest Rated	Balance January 1, 2006	Additions	Reductions	Balance December 31, 2006	Due Within One Year
Governmental Activities						
OPWC Loans						
2004 Issue	0.00%	\$25,307	\$0	\$2,977	\$22,330	\$2,977

The following is a summary of the Township's future annual debt service requirements:

Year	OPWC Loan	
	Principal	Interest
2008	\$2,977	\$0
2009	2,977	0
2010	2,977	0
2011	2,977	0
2012	2,977	0
2013 – 2014	4,468	0
Totals	\$19,353	\$0

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**Notes to the Financial Statements  
December 31, 2007 and 2006  
(Continued)**

**Note 10 – Debt (Continued)**

Sheffield Township has no major debt. The Township has an outstanding obligation to the Ohio Public Works Commission. \$29,773 was the original amount of the zero interest loan. Semi annual payments are made in the amount of \$1,488.64. The balance on December 31, 2007 was \$19,353.

**This Page is Intentionally Left Blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 the governmental activities, each major fund, and the aggregate remaining fund information of Sheffield Township, Lorain County, Ohio (the Township), as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated July 24, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Township's management in a separate letter dated July 24, 2008.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801  
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 and 2007-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 24, 2008.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management and Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

July 24, 2008

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND DECEMBER 31, 2006**

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

**FINDING NUMBER 2007-001**

**Bidding Requirement – Noncompliance Finding**

Ohio Revised Code Section 5549.21 states in part that the board of township trustees may purchase or lease such machinery and tools as are necessary for use in constructing, reconstructing, maintaining, and repairing roads and culverts within the township. It may purchase such material and employ such labor as is necessary for carrying into effect this section, or it may authorize the purchase or employment of such material and labor by one of its number, or by the township highway superintendent, at a price to be fixed by the board. All purchases of materials, machinery, and tools shall, if the amount involved exceeds twenty-five thousand dollars, be made from the lowest responsible bidder after advertisement, as provided in section 5575.01 of the Revised Code.

In January of 2006, the Township entered into a contract to purchase a new dump truck costing \$25,880. The purchase price was offered with a \$900 rebate. An old dump truck was traded in for \$1,500 and was credited against the purchase of the new dump truck. The purchase was made without putting the contract out for bid. This could result in the Township not receiving the lowest responsible amount for the purchase.

We recommend the Township submit contracts exceeding twenty-five thousand dollars for competitive bidding in order to receive the lowest responsible amount for the contract.

**Officials' Response**

Procedures will be implemented to comply with this requirement.

**FINDING NUMBER 2007-002**

**Expenditures Exceeding Appropriations – Noncompliance Finding**

Ohio Rev. Code Sections 5705.41(B) prohibits a subdivision or taxing unit from making expenditures unless it has been properly appropriated.

Budgetary expenditures (that is, disbursements and encumbrances) as enacted by the Board may not exceed appropriations at the legal level for all funds. The following fund had expenditures plus encumbrances in excess of appropriations as of December 31, 2006 at the fund level:

Fund	Appropriations Plus Prior Year Encumbrances	Expenditures Plus Encumbrances	Variance
Recycling Grant Fund	\$0	\$32,485	\$32,485

**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(Continued)**

**FINDING NUMBER 2007-002 (Continued)**

**Expenditures Exceeding Appropriations – Noncompliance Finding (Continued)**

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**Officials' Response**

Procedures will be implemented to comply with this requirement.



**SHEFFIELD TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND DECEMBER 31, 2006**

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>
2005-001	Expenditures exceeding appropriations in two funds for the year ended December 31, 2004.	No	Not Corrected; Repeated as Finding 2007-002





**Mary Taylor, CPA**  
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 11, 2008**