



**PITTSFIELD TOWNSHIP
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PITTSFIELD TOWNSHIP
LORAIN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Pittsfield Township
Lorain County
16940 State Route 58
Oberlin, Ohio 44074

To the Board of Trustees:

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Jim Petro
Auditor of State

November 13, 2000

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$13,647	\$94,807	108,454
Licenses, Permits, and Fees	4,262	2,725	6,987
Intergovernmental	93,287	92,613	185,900
Interest	2,266	1,929	4,195
Other Revenue	16,559	1,000	17,559
	<u>130,021</u>	<u>193,074</u>	<u>323,095</u>
Total Cash Receipts			
	130,021	193,074	323,095
Cash Disbursements:			
Current:			
General Government	67,405	0	67,405
Public Works	6,299	107,235	113,534
Health	2,542	2,722	5,264
Conservation - Recreation	50	0	50
Miscellaneous	0	16,647	16,647
Capital Outlay	32,424	30,154	62,578
	<u>108,720</u>	<u>156,758</u>	<u>265,478</u>
Total Cash Disbursements			
	108,720	156,758	265,478
Total Receipts Over/(Under) Disbursements	<u>21,301</u>	<u>36,316</u>	<u>57,617</u>
	21,301	36,316	57,617
Other Financing Receipts/(Disbursements):			
Advances-In	2,500	2,500	5,000
Advances-Out	(2,500)	(2,500)	(5,000)
	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
	0	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>21,301</u>	<u>36,316</u>	<u>57,617</u>
	21,301	36,316	57,617
Fund Cash Balances, January 1	<u>40,866</u>	<u>45,366</u>	<u>86,232</u>
	40,866	45,366	86,232
Fund Cash Balances, December 31	<u>\$62,167</u>	<u>\$81,682</u>	<u>\$143,849</u>
	\$62,167	\$81,682	\$143,849
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$20,375</u>	<u>\$20,375</u>
	\$0	\$20,375	\$20,375

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

PITTSFIELD TOWNSHIP
LORAIN COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999

	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$17
Total Operating Cash Receipts	17
Operating Cash Disbursements:	
Total Operating Cash Disbursements	0
Operating Income/(Loss)	17
Fund Cash Balances, January 1	1,151
Fund Cash Balances, December 31	\$1,168

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

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Taxes	\$13,218	\$91,931	\$0	105,149
Licenses, Permits, and Fees	4,747	2,000	0	6,747
Intergovernmental	66,883	75,053	45,162	187,098
Interest	411	576	0	987
Other Revenue	18,167	1,040	0	19,207
Total Cash Receipts	<u>103,426</u>	<u>170,600</u>	<u>45,162</u>	<u>319,188</u>
Cash Disbursements:				
Current:				
General Government	66,026	0	0	66,026
Public Works	1,911	68,954	0	70,865
Health	7,795	1,479	0	9,274
Conservation - Recreation	2,363	0	0	2,363
Miscellaneous	0	11,773	0	11,773
Capital Outlay	87	64,336	45,162	109,585
Total Cash Disbursements	<u>78,182</u>	<u>146,542</u>	<u>45,162</u>	<u>269,886</u>
Total Receipts Over/(Under) Disbursements	<u>25,244</u>	<u>24,058</u>	<u>0</u>	<u>49,302</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	3,946	0	3,946
Advances-In	0	0	0	0
Transfers-Out	(3,946)	0	0	(3,946)
Advances-Out	0	0	0	0
Other Sources	0	0	0	0
Total Other Financing Receipts/(Disbursements)	<u>(3,946)</u>	<u>3,946</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>21,298</u>	<u>28,004</u>	<u>0</u>	<u>49,302</u>
Fund Cash Balances, January 1	<u>19,569</u>	<u>17,362</u>	<u>0</u>	<u>36,931</u>
Fund Cash Balances, December 31	<u>\$40,867</u>	<u>\$45,366</u>	<u>\$0</u>	<u>\$86,233</u>

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

PITTSFIELD TOWNSHIP
LORAIN COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998

	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$23
Total Operating Cash Receipts	23
Operating Cash Disbursements:	
Total Operating Cash Disbursements	0
Operating Income/(Loss)	23
Fund Cash Balances, January 1	1,128
Fund Cash Balances, December 31	\$1,151

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

**PITTSFIELD TOWNSHIP
LORAIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Pittsfield Township, Lorain County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection, and emergency medical services. The Township belongs to and contracts with the Wellington Fire District to provide fire services and Oberlin Hospital to provide ambulance services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

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 disbursements, respectively.

D. Fund Accounting

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

1. General Fund

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

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

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

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money to pay for constructing, maintaining and repairing Township roads

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

OPWC Fund - The Township received a grant from the State of Ohio for the Kipton Nickel Plate Road project.

4. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

Cemetery Bequest Fund - This fund is used to account for bequests to maintain certain cemetery plots.

E. Budgetary Process

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

1. Appropriations

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. FUND CASH BALANCE AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$6,141	\$87,384
STAR Ohio investment	138,876	0
Total deposits and investments	<u>\$145,017</u>	<u>\$87,384</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$77,406	\$130,021	\$52,615
Special Revenue	171,738	193,074	21,336
Capital Projects	12,000	0	(12,000)
Fiduciary	20	17	(3)
Total	\$261,164	\$323,112	\$61,948

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$115,948	\$108,720	\$7,228
Special Revenue	150,295	177,133	(26,838)
Capital Projects	12,000	0	12,000
Fiduciary	1,171	0	1,171
Total	\$279,414	\$285,853	(\$6,439)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$66,749	\$103,426	\$36,677
Special Revenue	166,680	174,545	7,865
Capital Projects	25,000	45,162	20,162
Fiduciary	15	23	8
Total	\$258,444	\$323,156	\$64,712

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$92,106	\$82,128	\$9,978
Special Revenue	178,256	146,542	31,714
Capital Projects	70,162	45,162	25,000
Fiduciary	1,140	0	1,140
Total	\$341,664	\$273,832	\$67,832

During both 1998 and 1999 calendar years, the Township did not encumber all commitments as required by Ohio Rev. Code Section 5705.41(D).

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

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The Ohio Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the Lorain County Treasurer by December 31. If the property owner elects to make semiannual payment, the first half payment is due December 31. The second half payment is due the following June 20.

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

Lorain County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

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

- General liability and casualty
- Public official's liability
- Vehicle.

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

Board of Trustees
Pittsfield Township
Lorain County
16940 State Route 58
Oberlin, Ohio 44074

To the Board of Trustees:

We have audited the accompanying financial statements of Pittsfield Township, Lorain County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated November 13, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-40847-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated November 13, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated November 13, 2000.

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

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

November 13, 2000

**PITTSFIELD TOWNSHIP
LORAIN COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

1999-40847-001

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

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$1,000, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

During 1998 and 1999, the Township did not encumber funds through the use of purchase orders or then and now certificates. The Clerk was certifying the availability of funds, however, this was done after the purchase commitment was made.

This weakness may allow goods or services to be ordered and received that were not authorized by the Board of Trustees. Further, this weakness may allow goods or services to be ordered and received without having adequate monies and/or appropriations to pay the obligations.

We recommend the Township utilize purchase orders and certify funds prior to making purchase commitments. We also recommend the Township utilize a "then and now certificate when they do not certify the availability of funds prior to the purchase commitments.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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PITTSFIELD 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
DECEMBER 7, 2000**