



**VILLAGE OF SHEFFIELD  
LORAIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2000**



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

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**STATE OF OHIO**



VILLAGE OF SHEFFIELD  
LORAIN COUNTY

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

Lausche Bldg  
615 W Superior Ave  
Floor 12  
Cleveland OH 44113 - 1801  
Telephone 216-787-3665  
800-626-2297  
Facsimile 216-787-3361  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Sheffield  
Lorain County  
4340 Colorado Avenue  
Sheffield, Ohio 44054

We have audited the accompanying financial statements of the Village of Sheffield, Lorain County, Ohio, (the Village) as of and for the year ended December 31, 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village 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 the Village of Sheffield, Lorain County, Ohio as of December 31, 2000, and its combined cash receipts and disbursements for the year 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 16, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, Village Council 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 16, 2001

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**VILLAGE OF SHEFFIELD  
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

|   | General          | Special<br>Revenue | Debt<br>Service  | Capital<br>Projects | Total              |
|---|------------------|--------------------|------------------|---------------------|--------------------|
| Cash receipts:  |                  |                    |                  |                     |                    |
| Local taxes   | \$1,727,081      | \$0                | \$0              | \$0                 | \$1,727,081        |
| Intergovernmental   | 274,213          | 174,260            | 0                | 0                   | 448,473            |
| Special assessments   | 0                | 0                  | 237,025          | 0                   | 237,025            |
| Charges for services  | 100,857          | 2,600              | 0                | 0                   | 103,457            |
| Fines, licenses, and permits  | 554,240          | 47,016             | 0                | 0                   | 601,256            |
| Miscellaneous   | 280,151          | 1,751              | 0                | 0                   | 281,902            |
| <b>Total cash receipts</b>  | <b>2,936,542</b> | <b>225,627</b>     | <b>237,025</b>   | <b>0</b>            | <b>3,399,194</b>   |
| Cash disbursements:   |                  |                    |                  |                     |                    |
| Current:  |                  |                    |                  |                     |                    |
| Security of persons and property  | 1,513,029        | 7,938              | 0                | 0                   | 1,520,967          |
| Public health services  | 14,836           | 5,633              | 0                | 0                   | 20,469             |
| Leisure time activities   | 0                | 19,123             | 0                | 0                   | 19,123             |
| Basic utility services  | 0                | 46,923             | 0                | 0                   | 46,923             |
| Transportation  | 8,626            | 138,474            | 0                | 0                   | 147,100            |
| General government  | 706,585          | 20,596             | 8,622            | 0                   | 735,803            |
| Debt Service:   |                  |                    |                  |                     |                    |
| Principal and Interest Payments   | 0                | 0                  | 242,544          | 2,607,354           | 2,849,898          |
| Capital outlay  | 871,505          | 0                  | 0                | 3,353,153           | 4,224,658          |
| <b>Total program disbursements</b>  | <b>3,114,581</b> | <b>238,687</b>     | <b>251,166</b>   | <b>5,960,507</b>    | <b>9,564,941</b>   |
| <b>Total receipts over/(under) program disbursements</b>  | <b>(178,039)</b> | <b>(13,060)</b>    | <b>(14,141)</b>  | <b>(5,960,507)</b>  | <b>(6,165,747)</b> |
| Other financing receipts/(disbursements):   |                  |                    |                  |                     |                    |
| Proceeds from sale of public debt   |                  |                    |                  |                     |                    |
| Sale of Bonds   | 0                | 0                  | 0                | 0                   | 0                  |
| Sale of notes   | 400,000          | 0                  | 0                | 4,925,000           | 5,325,000          |
| Transfers-in  | 0                | 17,500             | 0                | 115,000             | 132,500            |
| Advances-in   | 0                | 1,936              | 4,287            | 0                   | 6,223              |
| Transfers-out   | (132,500)        | 0                  | 0                | 0                   | (132,500)          |
| Advances-out  | (6,223)          | 0                  | 0                | 0                   | (6,223)            |
| Other financing source/use  | (143,731)        | 0                  | 0                | 0                   | (143,731)          |
| <b>Total other financing receipts/(disbursements)</b>   | <b>117,546</b>   | <b>19,436</b>      | <b>4,287</b>     | <b>5,040,000</b>    | <b>5,181,269</b>   |
| <b>Excess of cash receipts and other financing receipts<br/>over/(under) cash disbursements and other financing</b> | <b>(60,493)</b>  | <b>6,376</b>       | <b>(9,854)</b>   | <b>(920,507)</b>    | <b>(984,478)</b>   |
| <b>Fund cash balances January 1, 2000</b>   | <b>549,385</b>   | <b>214,684</b>     | <b>154,170</b>   | <b>1,431,905</b>    | <b>2,350,144</b>   |
| <b>Fund cash balances, December 31, 2000</b>  | <b>\$488,892</b> | <b>\$221,060</b>   | <b>\$144,316</b> | <b>\$511,398</b>    | <b>\$1,365,666</b> |
| <b>Reserve for encumbrances, December 31, 2000</b>  | <b>\$24,604</b>  | <b>\$5,605</b>     | <b>\$0</b>       | <b>\$19,846</b>     | <b>\$50,055</b>    |

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

**VILLAGE OF SHEFFIELD  
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000**

|  | <u>Enterprise</u>    | <u>Agency</u>       | <u>Total</u>         |
|--|----------------------|---------------------|----------------------|
| Operating cash receipts:   |                      |                     |                      |
| Charges for services   | \$738,347            | \$0                 | \$738,347            |
| Miscellaneous  | 964                  | 10,203              | 11,167               |
| Mayor's court  | <u>0</u>             | <u>488,228</u>      | <u>488,228</u>       |
| <br>Total operating cash receipts  | <br><u>739,311</u>   | <br><u>498,431</u>  | <br><u>1,237,742</u> |
| Operating cash disbursements:  |                      |                     |                      |
| Personal services  | 263,733              | 0                   | 263,733              |
| Travel transportation  | 25                   | 0                   | 25                   |
| Contractual services   | 378,850              | 0                   | 378,850              |
| Supplies and materials   | 50,588               | 0                   | 50,588               |
| Mayor's court  | 0                    | 483,726             | 483,726              |
| Capital outlay   | <u>0</u>             | <u>0</u>            | <u>0</u>             |
| <br>Total operating cash disbursements   | <br><u>693,196</u>   | <br><u>483,726</u>  | <br><u>1,176,922</u> |
| <br>Operating income/(loss)  | <br><u>46,115</u>    | <br><u>14,705</u>   | <br><u>60,820</u>    |
| <br>Excess of receipts over/(under) disbursements<br>before interfund transfers and advances | <br>46,115           | <br>14,705          | <br>60,820           |
| Transfers-in   | 0                    | 0                   | 0                    |
| Advances-in  | 0                    | 0                   | 0                    |
| Transfers-out  | 0                    | 0                   | 0                    |
| Advances-out   | <u>0</u>             | <u>0</u>            | <u>0</u>             |
| <br>Net receipts over/(under) disbursements  | <br>46,115           | <br>14,705          | <br>60,820           |
| <br>Fund cash balances, January 1, 2000  | <br><u>474,706</u>   | <br><u>44,503</u>   | <br><u>519,209</u>   |
| <br>Fund cash balances, December 31, 2000  | <br><u>\$520,821</u> | <br><u>\$59,208</u> | <br><u>\$580,029</u> |
| <br>Reserve for encumbrances, December 31, 2000  | <br><u>\$0</u>       | <br><u>\$0</u>      | <br><u>\$0</u>       |

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

**VILLAGE OF SHEFFIELD  
LORAIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Sheffield, Lorain County, (the Village) 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 Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police and fire services. Educational services are provided by various other entities which are separate governmental entities and their financial statements are not included in these financial statements.

Utilizing the criteria provided in Codification of Governmental Accounting and Financial Reporting, Section 2100, the operations and balances of the Mayor's Court have been adjusted onto the financial statements included herein as an Agency Fund.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

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

Certificates of deposit and repurchase agreements are valued at cost. Money Market mutual funds are recorded at share values reported by the mutual funds.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village 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.

**VILLAGE OF SHEFFIELD  
LORAIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(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 Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Solid Waste/Recycling Fund - This fund is used to account for a recycling grant received from the State of Ohio.

**3. Debt Service Funds**

These funds are used to accumulate resources for the payment of bond and note indebtedness. The Village had the following significant debt service funds:

Evergreen Parkway Fund - This fund is used to account for principal and interest payments for the retirement of outstanding special assessment bonds for the cost of improving Evergreen Parkway by grading, paving and curbs including the construction of water, sanitary sewer and storm sewer lines.

Sheffield Commercial Drive - This fund is used to account for principal and interest payments for the retirement of outstanding special assessment bonds for the cost of constructing Commercial Drive .

**4. 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 Village had the following significant capital project fund:

Capital Projects Construction Fund - This fund is used to account for the acquisition or construction of major capital projects. This fund receives proceeds of general obligation bonds and notes that are issued for the purpose of acquiring or constructing major capital projects.

**5. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

**VILLAGE OF SHEFFIELD  
LORAIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

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

**D. Fund Accounting (Continued)**

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

**6. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayor's Court Agency Fund - This fund receives fine monies, court costs, and fees that are held pending distribution in accordance with statutory specifications or as directed by the court.

**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, project level for Capital Projects and fund level of control for all other funds, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 budgetary activity appears in Note 3.

**VILLAGE OF SHEFFIELD  
LORAIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

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

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**H. (Memorandum Only) Total Columns**

Total columns on the financial statements are captioned "(Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village 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><b>2000</b></u>         |
|-------------------------|----------------------------|
| Demand Deposits         | \$ 1,417,646               |
| Certificates of Deposit | <u>528,049</u>             |
| Total Deposits          | <u><u>\$ 1,945,695</u></u> |

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** The Village had no investments as of December 31, 2000.

**VILLAGE OF SHEFFIELD  
LORAIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 follows:

| 2000 Budgeted vs. Actual Receipts |                      |                     |                     |
|-----------------------------------|----------------------|---------------------|---------------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts  | Variance            |
| General                           | \$ 3,062,817         | \$ 3,336,542        | \$ 273,725          |
| Special Revenue                   | 265,541              | 245,063             | (20,478)            |
| Debt Service                      | 251,774              | 241,312             | (10,462)            |
| Capital Projects                  | 5,746,500            | 5,040,000           | (706,500)           |
| Enterprise                        | <u>691,429</u>       | <u>739,311</u>      | <u>47,882</u>       |
| Total                             | <u>\$ 10,018,061</u> | <u>\$ 9,602,228</u> | <u>\$ (415,833)</u> |

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |                   |
|---|----------------------------|---------------------------|-------------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance          |
| General   | \$ 3,328,685               | \$ 3,421,639              | \$ (92,954)       |
| Special Revenue                                       | 289,462                    | 244,292                   | 45,170            |
| Debt Service  | 252,215                    | 251,166                   | 1,049             |
| Capital Projects                                      | 6,858,624                  | 5,980,353                 | 878,271           |
| Enterprise  | <u>783,538</u>             | <u>693,196</u>            | <u>90,342</u>     |
| Total   | <u>\$ 11,512,524</u>       | <u>\$ 10,590,646</u>      | <u>\$ 921,878</u> |

**4. PROPERTY TAX**

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

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

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

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

**VILLAGE OF SHEFFIELD  
LORAIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**5. INCOME TAX**

The Village levies a municipal income tax of 1% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax directly to the Village or to the Regional Income Tax Agency which is used by the Village to collect income taxes. Income tax withholdings are remitted either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2000 was as follows:

|  | Principal    | Interest<br>Rate |
|--|--------------|------------------|
| Special Assessment Bonds:              |              |                  |
| Evergreen Parkway                      | \$ 470,000   | 5.15-7.25%       |
| Abbe Road                              | 360,000      | 6.75%            |
| I-90 Sewer Improvement                 | 475,000      | 5.85-5.95%       |
| Oster Road                             | 52,000       | 5.80-7.25%       |
| Commercial Drive                       | 675,000      | 5.25-6.00%       |
| Total Special Assessment Bonds         | 2,032,000    |                  |
| Ohio Public Works Commission Loans:    |              |                  |
| Arbor Avenue                           | 7,854        | 0%               |
| Sumner Day                             | 4,129        | 0%               |
| French Creek Resurfacing               | 38,908       | 0%               |
| East River Water Phase I               | 42,643       | 0%               |
| East River Water Phase II              | 69,375       | 0%               |
| Total OPWC Loans                       | 162,909      |                  |
| Ohio Water Development Authority Loan: |              |                  |
| French Creek Road                      | 243,019      | 4.16%            |
| Total OWDA Loan                        | 243,019      |                  |
| General Obligation Notes               |              |                  |
| Various Purpose                        | 4,925,000    | 4.75%            |
| Fire Truck Acquisition                 | 400,000      | 4.95%            |
| Total General Obligation Notes         | 5,325,000    |                  |
| Total                                  | \$ 7,762,928 |                  |

During 2000, the Village issued the following notes: General Obligation Various Purpose Notes were issued in the amount of \$4,925,000 in anticipation of the issuance of bonds, \$2,200,000 of this amount to pay costs of renovating, remodeling, adding to, furnishing, equipping and otherwise improving the Villages's Municipal Complex and its site, and \$2,725,000 to pay costs of constructing new public roadways with sanitary sewer, water and storm sewer line. In addition, a General Obligation Note was issued in the amount of \$400,000 in anticipation of the issuance of bonds to pay a portion of the costs of acquiring an aerial platform, ladder and pumper fire truck.

**VILLAGE OF SHEFFIELD  
LORAIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**6. DEBT (Continued)**

The outstanding Special Assessment Bonds are payable from the proceeds of tax assessments against individual property owners.

The Ohio Public Works Commission (OPWC) loans are for the Arbor Avenue, French Creek, Sumner Day, and East River water mains.

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project on French Creek Road. The loan will be repaid in semi-annual installments of \$10,715, including interest, over twenty years.

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

| Year ending<br>December 31: | Special<br>Assessment<br>Bonds | OPWC<br>Loans     | OWDA<br>Loans     | General<br>Obligation<br>Note |
|-----------------------------|--------------------------------|-------------------|-------------------|-------------------------------|
| 2001                        | \$ 216,400                     | \$ 8,677          | \$ 10,715         | \$ 5,567,628                  |
| 2002                        | 210,991                        | 15,289            | 21,430            | 0                             |
| 2003                        | 215,356                        | 11,261            | 21,430            | 0                             |
| 2004                        | 214,095                        | 9,297             | 21,430            | 0                             |
| 2005                        | 217,498                        | 9,297             | 21,430            | 0                             |
| Subsequent                  | <u>2,178,421</u>               | <u>109,088</u>    | <u>235,753</u>    | <u>0</u>                      |
| Total                       | <u>\$ 3,252,761</u>            | <u>\$ 162,909</u> | <u>\$ 332,188</u> | <u>\$ 5,567,628</u>           |

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Fund (OP & F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP & F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000, OP & F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant and 24% of fire participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. Commencing July 1, 2000, PERS temporarily reduced employer contributions to 8.13%. The Village has paid all contributions required through December 31, 2000.

**8. RISK MANAGEMENT**

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums if the loss experience is unfavorable. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle
- Law Enforcement Liability

**VILLAGE OF SHEFFIELD  
LORAIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

The Village provided health and life insurance to full-time employees through a private carrier. As of April 2000, the Village established a self insured program to provide health benefits to full-time employees. The self insured program pays covered claims to service providers and recovers these costs from charges to other funds based on claims paid by the claims administrator.

**9. CONTINGENT LIABILITIES**

The Village is a defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

**10. SUBSEQUENT EVENTS**

On April 3, 2001, the Village issued \$5,125,000 Various Purpose Notes.



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

Lausche Bldg  
615 W Superior Ave  
Floor 12  
Cleveland OH 44113 - 1801  
Telephone 216-787-3665  
800-626-2297  
Facsimile 216-787-3361  
www.auditor.state.oh.us

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

Village of Sheffield  
Lorain County  
4340 Colorado Avenue  
Sheffield Village, Ohio 44054

We have audited the financial statements of the Village of Sheffield, Lorain County, Ohio, (the Village) as of and for the year ended December 31, 2000, and have issued our report thereon dated November 16, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village'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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated November 16, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village'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 Village in a separate letter dated November 16, 2001.

Village of Sheffield  
Lorain County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
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This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

November 16, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF SHEFFIELD**

**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 20, 2001**