



**LAFAYETTE TOWNSHIP
MEDINA COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2019-2018**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
Lafayette Township
6776 Wedgewood Road
Medina, Ohio 44256

We have reviewed the *Independent Auditor's Report* of Lafayette Township, Medina County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Lafayette Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 14, 2021

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LAFAYETTE TOWNSHIP
MEDINA COUNTY

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INDEPENDENT AUDITOR'S REPORT

March 30, 2021

Lafayette Township
Medina County
6776 Wedgewood Road
Medina, Ohio 44256

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Lafayette Township**, Medina County, Ohio, (the Township) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Lafayette Township, Medina County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2021, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**LAFAYETTE TOWNSHIP
MEDINA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 56,420	\$ 1,075,241	\$ 397,123	\$ -	\$ 1,528,784
Charges for Services	-	141,030	-	-	141,030
Licenses, Permits and Fees	16,689	-	-	-	16,689
Fines and Forfeitures	40	-	-	-	40
Intergovernmental	71,961	274,397	10,428	-	356,786
Earnings on Investments	16,690	5,313	-	-	22,003
Miscellaneous	20,418	7,325	-	-	27,743
<i>Total Cash Receipts</i>	<u>182,218</u>	<u>1,503,306</u>	<u>407,551</u>	<u>-</u>	<u>2,093,075</u>
Cash Disbursements					
Current:					
General Government	258,994	-	5,511	7,290	271,795
Public Safety	1,500	887,142	-	23,129	911,771
Public Works	-	586,811	-	-	586,811
Health	-	9,748	-	-	9,748
Human Services	75	-	-	-	75
Conservation-Recreation	1,770	-	-	-	1,770
Other	-	-	-	17,367	17,367
Capital Outlay	-	5,000	6,500	2,890,605	2,902,105
Debt Service:					
Principal Retirement	-	-	4,000,000	-	4,000,000
Interest and Fiscal Charges	32	-	130,156	-	130,188
<i>Total Cash Disbursements</i>	<u>262,371</u>	<u>1,488,701</u>	<u>4,142,167</u>	<u>2,938,391</u>	<u>8,831,630</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(80,153)</u>	<u>14,605</u>	<u>(3,734,616)</u>	<u>(2,938,391)</u>	<u>(6,738,555)</u>
Other Financing Receipts (Disbursements)					
Sale of Bonds	-	-	4,130,156	369,844	4,500,000
Other Financing Sources	25	-	-	-	25
Other Financing Uses	(154)	-	-	-	(154)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(129)</u>	<u>-</u>	<u>4,130,156</u>	<u>369,844</u>	<u>4,499,871</u>
<i>Net Change in Fund Cash Balances</i>	<u>(80,282)</u>	<u>14,605</u>	<u>395,540</u>	<u>(2,568,547)</u>	<u>(2,238,684)</u>
<i>Fund Cash Balances, January 1 (Restated, Note 12)</i>	<u>129,839</u>	<u>1,956,324</u>	<u>383,613</u>	<u>2,676,196</u>	<u>5,145,972</u>
Fund Cash Balances, December 31					
Restricted	-	1,448,395	779,153	107,649	2,335,197
Committed	-	522,534	-	-	522,534
Assigned	25,278	-	-	-	25,278
Unassigned (Deficit)	24,279	-	-	-	24,279
<i>Fund Cash Balances, December 31</i>	<u>\$ 49,557</u>	<u>\$ 1,970,929</u>	<u>\$ 779,153</u>	<u>\$ 107,649</u>	<u>\$ 2,907,288</u>

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

LAFAYETTE TOWNSHIP
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1 – Reporting Entity

The Constitution and laws of the State of Ohio establish the rights and privileges of Lafayette Township, Medina County, Ohio, (the Township) as a body cooperate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides cemetery maintenance, fire and emergency medical services, police protection, and road and bridge maintenance.

Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. Note 7 to the financial statements provides additional information for this entity.

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

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all government fund types which is organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal & accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township has the following significant Special Revenue Funds.

Motor Vehicle License Tax Fund This fund receives motor vehicle tax money from the State and County's motor vehicle tax 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 and bridges.

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

Permissive Motor Vehicle License Tax Fund This fund receives permissive motor vehicle tax money levied by the County and the Township for constructing, maintaining and repairing Township roads and bridges.

Fire and Rescue Combination Fund This fund receives tax money from a levy in excess of the 10-mill limit for the specific purpose of providing fire protection and emergency medical services for the Township.

LAFAYETTE TOWNSHIP
MEDINA COUNTY

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)*

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Medina City Police Department Fund This fund receives tax money from a levy in excess of the 10-mill limit for the specific purpose of providing police protection services for the Township.

Debt Service Funds These funds account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

Bond Retirement Fund This fund received tax money from a levy in excess of the 10-mill limit for the specific purpose of providing a new Safety Services Building for housing fire and emergency medical services equipment, training and offices.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Funds:

Bond Safety Service Building Fund This fund received borrowed money to fund the building of the Safety Services Building.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of ORC Section 117.38 and Ohio Administrative Code Section 11-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentation report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of ORC117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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 may annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over and need not be re-appropriated.

A summary of 2019 budgetary activity appears in Note 4.

LAFAYETTE TOWNSHIP
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

Note 2 – Summary of Significant Accounting Policies (Continued)

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipt for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township's cash is maintained in a checking account, Certificates of Deposits and STAR Ohio. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

The Fund Balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications as follows:

Nonspendable The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws, or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements. Capital Project Funds are Committed.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed in the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by Resolution or State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

LAFAYETTE TOWNSHIP
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$49,367, in the Medina City Police Department Fund by \$268,388, and in the Bond Safety Service Building Fund by \$411,811 for the year ended December 31, 2019.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 148,252	\$ 182,243	\$ 33,991
Special Revenue	1,758,775	1,503,306	(255,469)
Debt Service	4,895,600	4,537,707	(357,893)
Capital Projects	4,000,000	369,844	(3,630,156)
Total	\$ 10,802,627	\$ 6,593,100	\$ (4,209,527)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 216,782	\$ 266,149	\$ (49,367)
Special Revenue	2,611,926	1,619,889	992,037
Debt Service	4,630,156	4,142,167	487,989
Capital Projects	2,676,196	3,088,007	(411,811)
Total	\$ 10,135,060	\$ 9,116,212	\$ 1,018,848

LAFAYETTE TOWNSHIP
MEDINA COUNTY

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)*

Note 5 – Deposits and Investments

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

	2019
Demand Deposits	\$ 2,024,542
STAR Ohio	882,746
Total Deposits and Investments	<u>\$ 2,907,288</u>

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial statements.

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

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property Taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due in February. The second half payment is due the following July. Specific dates are set annually by the County.

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

Note 7 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

LAFAYETTE TOWNSHIP
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

Note 7 – Risk Management (Continued)

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$ 35,207,320
Actuarial liabilities	\$ 10,519,942

Workers Compensation coverage is provided by the State of Ohio. The Township pays the State Worker's Compensation a premium based on a rate of \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township's employees belong to the Ohio Public Employees Retirement. (OPERS), except the zoning commission, zoning board of appeals, and volunteer fire and rescue personnel. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Social Security

The Township's zoning commission, zoning board of appeals and volunteer fire and rescue personnel contributed to social security. There were 64 employees for the given year of 2019. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

LAFAYETTE TOWNSHIP
MEDINA COUNTY

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)*

Note 10 – Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Huntington National Bank Note	\$ 4,500,000	2.95%

This Note is issued in lieu of and to represent a series of Notes in the aggregate principal amount of \$4,500,000 (the Notes) for the purpose of paying costs of constructing fire station improvement and related appurtenances, authority of and pursuant to the laws of the State of Ohio, particularly Section 505.37(D) of the Ohio Revised Code and a resolution adopted by the Board of Township Trustees (May 20, 2019).

The Notes are not subject to repayment prior to maturity, June 19, 2020.

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Prior Period Restatement

The beginning balance for the Township’s Fire and Rescue Fund has been restated to account for a duplicate receipt in 2018. The prior period restatement had the following effect on the Township’s fund balance as previously reported as of December 31, 2018:

	Special Revenue
Fund Balance, December 31, 2018	\$ 1,956,639
Restatement Due to Voiding Duplicate Receipt	(315)
Restated Fund Balance, January 1, 2019	\$ 1,956,324

Note 13 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and recovery from emergency funding, either federal or state, cannot be estimated.

**LAFAYETTE TOWNSHIP
MEDINA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 55,358	\$ 1,055,275	\$ 354,991	\$ -	\$ 1,465,624
Charges for Services	140	216,909	-	-	217,049
Licenses, Permits and Fees	62,267	20	-	-	62,287
Fines and Forfeitures	141	-	-	-	141
Intergovernmental	78,703	277,873	44,762	-	401,338
Earnings on Investments	15,722	4,602	-	-	20,324
Miscellaneous	2,288	12,302	-	-	14,590
<i>Total Cash Receipts</i>	<u>214,619</u>	<u>1,566,981</u>	<u>399,753</u>	<u>-</u>	<u>2,181,353</u>
Cash Disbursements					
Current:					
General Government	286,966	-	5,313	-	292,279
Public Safety	-	1,026,941	-	-	1,026,941
Public Works	-	406,173	-	-	406,173
Health	-	583	-	-	583
Conservation-Recreation	384	-	-	-	384
Capital Outlay	-	66,178	10,827	1,317,304	1,394,309
Debt Service:					
Interest and Fiscal Charges	-	-	-	6,500	6,500
<i>Total Cash Disbursements</i>	<u>287,350</u>	<u>1,499,875</u>	<u>16,140</u>	<u>1,323,804</u>	<u>3,127,169</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(72,731)</u>	<u>67,106</u>	<u>383,613</u>	<u>(1,323,804)</u>	<u>(945,816)</u>
Other Financing Receipts (Disbursements)					
Sale of Bonds	-	-	-	4,000,000	4,000,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>	<u>4,000,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>(72,731)</u>	<u>67,106</u>	<u>383,613</u>	<u>2,676,196</u>	<u>3,054,184</u>
<i>Fund Cash Balances, January 1 (Restated, Note 12)</i>	<u>202,570</u>	<u>1,889,533</u>	<u>-</u>	<u>-</u>	<u>2,092,103</u>
Fund Cash Balances, December 31					
Restricted	-	1,358,153	383,613	2,676,196	4,417,962
Committed	-	598,486	-	-	598,486
Assigned	68,530	-	-	-	68,530
Unassigned (Deficit)	61,309	-	-	-	61,309
<i>Fund Cash Balances, December 31</i>	<u>\$ 129,839</u>	<u>\$ 1,956,639</u>	<u>\$ 383,613</u>	<u>\$ 2,676,196</u>	<u>\$ 5,146,287</u>

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

LAFAYETTE TOWNSHIP
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1 – Reporting Entity

The Constitution and laws of the State of Ohio establish the rights and privileges of Lafayette Township, Medina County, Ohio, (the Township) as a body cooperate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides cemetery maintenance, fire and emergency medical services, police protection, and road and bridge maintenance.

Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. Note 7 to the financial statements provides additional information for this entity.

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

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all government fund types which is organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal & accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township has the following significant Special Revenue Funds.

Motor Vehicle License Tax Fund This fund receives motor vehicle tax money from the State and County's motor vehicle tax 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 and bridges.

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

Permissive Motor Vehicle License Tax Fund This fund receives permissive motor vehicle tax money levied by the County and the Township for constructing, maintaining and repairing Township roads and bridges.

Fire and Rescue Combination Fund This fund receives tax money from a levy in excess of the 10-mill limit for the specific purpose of providing fire protection and emergency medical services for the Township.

LAFAYETTE TOWNSHIP
MEDINA COUNTY

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)*

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Medina City Police Department Fund This fund receives tax money from a levy in excess of the 10-mill limit for the specific purpose of providing police protection services for the Township.

Sheriff's Contract Fund This fund receives money from a levy in excess of the 10-mill limit for the specific purpose of providing police protection services for the Township.

2017 Sign Grant This fund received signs in the form of a grant for the purpose of providing updated Federal mandated reflective signs for the Township's roads.

Debt Service Funds These funds account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

Bond Retirement Fund This fund received tax money from a levy in excess of the 10-mill limit for the specific purpose of providing a new Safety Services Building for housing fire and emergency medical services equipment, training and offices.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Funds:

Bond Safety Service Building Fund This fund received borrowed money to fund the building of the Safety Services Building.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of ORC Section 117.38 and Ohio Administrative Code Section 11-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentation report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of ORC117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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 may annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

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

LAFAYETTE TOWNSHIP
MEDINA COUNTY

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)*

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over and need not be re-appropriated.

A summary of 2018 budgetary activity appears in Note 4.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipt for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township's cash is maintained in a checking account, Certificates of Deposits and STAR Ohio. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

The Fund Balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications as follows:

Nonspendable The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws, or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements. Capital Project Funds are Committed.

LAFAYETTE TOWNSHIP
MEDINA COUNTY

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)*

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed in the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by Resolution or State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Bond Retirement Fund by \$16,140 for the year ended December 31, 2018.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 134,300	\$ 214,619	\$ 80,319
Special Revenue	1,532,100	1,566,981	34,881
Debt Service	382,200	399,753	17,553
Capital Projects	4,000,000	4,000,000	-
Total	<u>\$ 6,048,600</u>	<u>\$ 6,181,353</u>	<u>\$ 132,753</u>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 290,356	\$ 288,131	\$ 2,225
Special Revenue	1,955,589	1,502,602	452,987
Debt Service	-	16,140	(16,140)
Capital Projects	4,000,000	1,323,804	2,676,196
Total	<u>\$ 6,245,945</u>	<u>\$ 3,130,677</u>	<u>\$ 3,115,268</u>

LAFAYETTE TOWNSHIP
MEDINA COUNTY

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)*

Note 5 – Deposits and Investments

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

	2018
Demand Deposits	\$ 4,170,416
STAR Ohio	975,871
Total Deposits and Investments	<u>\$ 5,146,287</u>

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property Taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due in February. The second half payment is due the following July. Specific dates are set annually by the County.

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

Note 7 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

LAFAYETTE TOWNSHIP
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

Note 7 – Risk Management (Continued)

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$ 33,097,416
Actuarial liabilities	\$ 7,874,610

Workers Compensation coverage is provided by the State of Ohio. The Township pays the State Worker's Compensation a premium based on a rate of \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township's employees belong to the Ohio Public Employees Retirement. (OPERS), except the zoning commission, zoning board of appeals, and volunteer fire and rescue personnel. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Social Security

The Township's zoning commission, zoning board of appeals, and volunteer fire and rescue personnel contributed to social security. There were 65 employees for the given year of 2018. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

LAFAYETTE TOWNSHIP
MEDINA COUNTY

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)*

Note 10 – Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Huntington National Bank Note	\$ 4,000,000	3.10%

This Note is issued in lieu of and to represent a series of Notes in the aggregate principal amount of \$4,000,000 (the Notes) for the purpose of paying costs of constructing fire station improvement and related appurtenances, authority of and pursuant to the laws of the State of Ohio, particularly Section 505.37(D) of the Ohio Revised Code and a resolution adopted by the Board of Township Trustees (June 22, 2018).

The Notes are not subject to repayment prior to maturity, June 21, 2019.

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Prior Period Restatement

The beginning balance for the Township’s General Fund has been restated to include the Zoning Fund and the Township’s Fire and Rescue Fund has been restated to account for a cancelled check in 2017. The prior period restatement had the following effect on the Township’s fund balance as previously reported as of December 31, 2017:

	General	Special Revenue
Fund Balance, December 31, 2017	\$ 156,514	\$ 1,934,920
Reclassification of Zoning Fund	46,056	(46,056)
Restatement Due to Cancelled Check	-	669
Restated Fund Balance, January 1, 2018	\$ 202,570	\$ 1,889,533

Note 13 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and recovery from emergency funding, either federal or state, cannot be estimated.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

March 30, 2021

Lafayette Township
Medina County
6776 Wedgewood Road
Medina, Ohio 44256

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of **Lafayette Township**, Medina County, Ohio (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated March 30, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuring emergency measures will impact subsequent periods of the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weaknesses and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2019-001 through 2019-002 described in the accompanying schedule of audit findings to be material weaknesses.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2019-003 described in the accompanying schedule of audit findings to be a significant deficiency.

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 financial statements. However, opining 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 we must report under Government Auditing Standards which are described in the accompanying schedule of audit findings as items 2019-002 and 2019-003.

Township's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**LAFAYETTE TOWNSHIP
MEDINA COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019-2018**

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

FINDING NUMBER 2019-001

Material Weakness

Posting Receipts, Disbursements and Fund Balances

The Township is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2019 and 2018, receipts, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- December interest revenue from the STAR Ohio statements for both 2019 and 2018 was incorrectly recorded in the subsequent year.
- Refunds were incorrectly recorded as a Charges for Services receipts in the Road and Bridge Fund rather than as Miscellaneous receipts in 2018.
- Refunds were incorrectly recorded as Intergovernmental receipts in the General Fund rather than as Miscellaneous receipts in both 2019 2018.
- Revenue from the sale of fixed assets was incorrectly recorded as Intergovernmental revenue in the Road and Bridge Fund rather than Sale of Fixed Assets revenue in both 2019 and 2018.
- An Intergovernmental receipt was incorrectly recorded to the 2017 Sign Grant Fund rather than the Bond Retirement Fund in 2018. We noted the Township made a fund balance adjustment in 2019 to correct this error.
- Three Property Tax receipts in the Bond Retirement Fund were incorrectly recorded as Miscellaneous receipts in 2018.
- One Intergovernmental receipt in the Bond Retirement Fund was incorrectly recorded as a Miscellaneous receipt in 2018.
- A transfer in the amount of \$113,908 from a Star Ohio account to a checking account was incorrectly recorded as Intergovernmental revenue in the Road and Bridge Fund in 2019. The same amount was incorrectly listed twice as a Road and Bridge Fund Public Works disbursement. Both revenues and disbursements were overstated in this fund in 2019.
- Debt proceeds and the corresponding capital outlay disbursement were understated by \$6,500 in 2019.
- The Township incorrectly recorded a property tax disbursement as an Interest and Fiscal Charges disbursement in 2019.
- The Township incorrectly recorded the cost of permits as a Principal disbursement in 2018.
- The Township recorded a transfer between funds of \$74,098 to correct a posting error in 2019, rather than making a fund balance adjustment.
- The Township classified the Zoning Fund as Special Revenue instead of to the General Fund. We made adjustments to move all zoning activity (including outstanding fund balance) for 2019 and 2018 into the General Fund.
- The General Fund balance was incorrectly classified as entirely Unassigned when it should have been partially Assigned in both 2019 and 2018.
- The Cemetery Fund was incorrectly classified as Assigned rather than Restricted in both 2019 and 2018.
- The Road and Bridge Fund was incorrectly classified as Restricted rather than Committed in both 2019 and 2018.

LAFAYETTE TOWNSHIP
MEDINA COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019-2018

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2019-001 (CONTINUED)

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several reclassifications and adjusting entries. The Financial Statements reflect all material reclassifications and all adjustments. The Township has made these adjustments to their accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

Management's Response – This was an audit of the previous Fiscal Officer.

FINDING NUMBER 2019-002

Material Weakness / Noncompliance

Ohio Revised Code Section 505.24(C), sets forth the method by which township trustees' compensation should be allocated. This section is amplified by Ohio Attorney General (OAG) Opinion 2004-006. This section requires that compensation of a township trustee must be paid from the Township General Fund or from such other township funds, in such proportions as the Board may specify by resolution. In addition, trustees are to establish administrative procedures to document the proportionate amount of trustees' salaries chargeable to other township funds based on the portion of time spent on matters related to the services rendered. The "administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustees document all time spent on township business and the type of service performed, in a manner similar to trustees paid per diem compensation.

During 2019, the Fiscal Officer apportioned Trustees' salaries to the Road and Bridge, Policing Services, and Fire and Rescue Combination funds. During 2018, the Fiscal Officer apportioned Trustees' salaries to the Road and Bridge and Fire and Rescue Combination funds. There was no documentation provided by the Trustees during 2019 and 2018 to support the salary allocations to funds other than the General Fund. As a result, the Road and Bridge, Policing Services, and Fire and Rescue Combination funds were incorrectly charged \$6,239, \$4,159, and \$6,239, respectively, in 2019. In addition, the Road and Bridge and Fire and Rescue Combination funds were incorrectly charged \$5,199 and \$6,759, respectively, in 2018. These amounts, \$16,637 in 2019 and \$11,958 in 2018, should be allocated to the General Fund.

We recommend all Trustees' salaries be paid according to administrative procedures established to document the proportionate amount of trustees' salaries chargeable to other township funds.

As a result, adjustments were made in order to fairly present the annual financial statements. The financial statements reflect these adjustments and all adjustments have been made to the Township's accounting system.

Management's Response – These errors were made under the tenure of the previous Fiscal Officer. I have no knowledge of this.

LAFAYETTE TOWNSHIP
MEDINA COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019-2018

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2019-003

Significant Deficiency / Noncompliance

Budgetary Controls

The Budget is an instrument of public policy. A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Revised Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit, we noted several violations of budgetary law, which although they do not in and of themselves result in errors in financial reporting, may lead to the Township making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations).
- The Township did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Board and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

We recommend the Township implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the County Budget Commission and the Board after each amendment.

The board should review the requirements of Ohio Revised Code Section 5705 to be familiar with these laws and to make sure the Township is complying with applicable sections. We recommend the Township establish a procedure that ensures budgetary monitoring.

Management's Response – These errors were made under the tenure of the previous Fiscal Officer. I have no knowledge of this.

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OHIO AUDITOR OF STATE KEITH FABER



LAFAYETTE TOWNSHIP

MEDINA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 6/24/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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