



OHIO AUDITOR OF STATE
KEITH FABER



ELYRIA TOWNSHIP
LORAIN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2019	5
Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) Fiduciary Fund Type – Custodial Fund For the Year Ended December 31, 2019	6
Notes to the Financial Statements For the Year Ended December 31, 2019	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2018	15
Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) Fiduciary Fund Type – Agency Fund For the Year Ended December 31, 2018	16
Notes to the Financial Statements For the Year Ended December 31, 2018	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Schedule of Findings.....	27
Prepared by Management:	
Summary Schedule of Prior Audit Findings	29

This page intentionally left blank.



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

INDEPENDENT AUDITOR'S REPORT

Elyria Township
Lorain County
41416 Griswold Road
Elyria, Ohio 44035

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 the Elyria Township, Lorain 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.

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 Elyria Township, as of December 31, 2019 and 2018, and 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 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may 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 14, 2022, 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.



Keith Faber
Auditor of State
Columbus, Ohio

March 14, 2022

This page intentionally left blank.

**ELYRIA TOWNSHIP
LORAIN 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	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$119,772	\$577,044		\$696,816
Charges for Services		84,157		84,157
Licenses, Permits and Fees	50,911			50,911
Intergovernmental	298,626	147,683	\$111,590	557,899
Special Assessments		10,435		10,435
Earnings on Investments	4,674	503		5,177
Miscellaneous	4,607	1,383		5,990
<i>Total Cash Receipts</i>	<u>478,590</u>	<u>821,205</u>	<u>111,590</u>	<u>1,411,385</u>
Cash Disbursements				
Current:				
General Government	418,986	307,766		726,752
Public Safety	11,538	48,224		59,762
Public Works	2,917	215,244		218,161
Health	12,530			12,530
Conservation-Recreation	5,358			5,358
Capital Outlay			116,296	116,296
Debt Service:				
Principal Retirement	35,911			35,911
Interest and Fiscal Charges	4,591			4,591
<i>Total Cash Disbursements</i>	<u>491,831</u>	<u>571,234</u>	<u>116,296</u>	<u>1,179,361</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(13,241)</u>	<u>249,971</u>	<u>(4,706)</u>	<u>232,024</u>
Other Financing Receipts (Disbursements)				
Advances In		1,874		1,874
Advances Out		(1,874)		(1,874)
Other Financing Sources	2,181			2,181
<i>Total Other Financing Receipts (Disbursements)</i>	<u>2,181</u>			<u>2,181</u>
<i>Net Change in Fund Cash Balances</i>	<u>(11,060)</u>	<u>249,971</u>	<u>(4,706)</u>	<u>234,205</u>
<i>Fund Cash Balances, January 1</i>	<u>274,737</u>	<u>661,610</u>	<u>159,307</u>	<u>1,095,654</u>
Fund Cash Balances, December 31				
Restricted		634,662		634,662
Committed		276,919	154,601	431,520
Assigned	37,673			37,673
Unassigned	226,004			226,004
<i>Fund Cash Balances, December 31</i>	<u>\$263,677</u>	<u>\$911,581</u>	<u>\$154,601</u>	<u>\$1,329,859</u>

See accompanying notes to the basic financial statements

ELYRIA TOWNSHIP
LORAIN COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE - CUSTODIAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
<i>Fund Cash Balances, January 1</i>	<u>\$9,316</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$9,316</u></u>

**ELYRIA TOWNSHIP
LORAIN COUNTY**

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

1. Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Elyria Township, Lorain County, Ohio (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, fire protection, and emergency medical services. Police protection is provided by the Lorain County Sheriff.

Public Entity Risk Pool, Joint Venture and Jointly Governed Organizations

The Township participates in one public entity risk pool, one joint venture, and two jointly governed organizations. Notes 8, 9 and 10 to the financial statements provide additional information for these entities. These organizations are:

Public Entity Risk Pool: Ohio Township Association Risk Management Authority (OTARMA)

Joint Venture: Elyria Township - City of Elyria Joint Economic Development District (JEDD)

Jointly Governed Organizations: Lorain County General Health District
Northeast Ohio Area wide Coordinating Agency (NOACA)

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

2. Summary of Significant Accounting Policies

A. 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 governmental fund types, and a statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for its fiduciary fund type which are organized on a fund type basis.

B. Fund Accounting

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

1. 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.

2. 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 had the following significant Special Revenue Funds:

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

Fire Levy Fund – This fund receives property tax levy money and charges for services to pay for expenditures relating to fire protection.

ELYRIA TOWNSHIP
LORAIN COUNTY

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

2. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

3. 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:

JEDD Misc. Capital Projects – This fund accounts for capital projects from the proceeds of Joint Economic Development District (JEDD) receipts received from the City of Elyria.

Ohio Public Works Commission (OPWC) Fund – This fund accumulates OPWC resources for various capital improvements.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. The Township does not have any trust funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township disburses these funds as directed by the individual, organization or other government. The Township's custodial funds account for the State's portion of building and permit fees and for a portion of insurance monies from structures sustaining fire damage to ensure resident or business performs the necessary structural repairs.

C. Basis of Accounting

These Financial Statements follow 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). The basis is similar to the cash receipts and disbursement accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

These statements include adequate disclosures of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2.03 (D) permit.

D. Budgetary Process

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

1. Appropriations

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

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

2. Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2019 budgetary activity appears in Note 4.

E. Deposits and Investments

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

Investment in STAR Ohio is measured at net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

F. 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.

G. 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.

H. Fund Balance

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 are as follows:

1. Nonspendable

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

2. 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.

3. 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.

ELYRIA TOWNSHIP
LORAIN COUNTY

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

2. Summary of Significant Accounting Policies (Continued)

H. Fund Balance (Continued)

4. 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 by State Statute.

5. 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.

3. Deposits and Investments

The Township maintains a deposit and investments 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:

	<u>2019</u>
Demand deposits	\$1,113,821
Total deposits	<u>1,113,821</u>
STAR Ohio	<u>225,354</u>
Total investments	<u>225,354</u>
Total deposits and investments	<u><u>\$1,339,175</u></u>

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

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

**ELYRIA TOWNSHIP
LORAIN COUNTY**

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

4. Budgetary Activity

Budgetary Activity for the year ended December 31, 2019 is as follows:

2019 Budgeted vs. Actual Receipts			
	Budgeted Receipts	Actual Receipts	Variance
<u>Fund Type</u>			
General	\$425,951	\$480,771	\$54,820
Special Revenue	691,788	823,079	131,291
Capital Projects	111,590	111,590	0
Total	\$1,229,329	\$1,415,440	\$186,111

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
<u>Fund Type</u>			
General	\$593,530	\$494,277	\$99,253
Special Revenue	827,509	575,740	251,769
Capital Projects	261,590	116,296	145,294
Total	\$1,682,629	\$1,186,313	\$496,316

5. Property Tax

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 non-business, owner occupancy, and homestead exemption credits and/or 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 December 31. The second half payment is due the following June 20.

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

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

6. Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Some Township employees belong to the Ohio Public Employees Retirement System (OPERS). 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 contribute 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

ELYRIA TOWNSHIP
LORAIN COUNTY

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

6. Defined Benefit Pension Plans (Continued)

B. Social Security

The Township's part-time fire department employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

7. Post-Employment 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 plans 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.

8. Risk Management

Risk Pool Membership

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 Townships policy. The Pool covers the following risks:

- General Liability and casualty
- Public Officials liability
- Cyber
- Law Enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

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

9. Joint Venture

The Township participates in the Elyria Township – City of Elyria Joint Economic Development District (JEDD) which is created in accordance with sections 715.72 through 715.83 of the Ohio Revised Code. The purpose of the JEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State, the Township and the City. The City and the Township shall work together to provide or cause to be provided, water, sewer, storm sewer, street lighting, roads, sidewalks and other local government services to the area. These services are funded by a predetermined percentage of income tax revenue.

**ELYRIA TOWNSHIP
LORAIN COUNTY**

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

9. Joint Venture (Continued)

The Board of Directors consists of five members, the Township appoints two; one representing the Township and one representing the business owners in the JEDD, the City appoints two; one representing the City and one representing persons working within the JEDD, the fifth member shall serve as chairman and shall be elected by the other four members.

The Board adopted an annual budget for the JEDD and estimated the revenues and expenses of the operation of the JEDD. They also established the distribution of the income tax revenues. The Board is authorized to take such necessary and appropriate actions, or establish such programs to facilitate economic development in the JEDD area. Continued existence of the JEDD is dependent on the Township's continued participation; however, the Township does not have an equity interest in the JEDD. The JEDD is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the Township. Complete financial statements can be obtained from the Office of the City Finance Director, City of Elyria, 131 Court Street, Elyria, Ohio 44035.

10. Jointly Governed Organizations

A. Lorain County General Health District

The Township participates in the Lorain County General Health District, a jointly governed organization, which provides health services to the citizens within the Health District. The Health District is governed by the Board of Health, which represents the area served by the Health District and oversees the operation of the Health District. The Board of Health members are appointed to staggered five year terms. One member is appointed by the City of North Ridgeville, one member is jointly appointed by the cities of Avon and Sheffield Lake and one member is jointly appointed by the cities of Amherst and Oberlin. The remaining five members are appointed by the various mayors of villages, chairmen of township trustees and the County Commissioners. Financial information can be obtained by contacting the Lorain County General Health District, 9880 Murray Ridge Road, Elyria, Ohio 44035.

B. Northeast Ohio Areawide Coordinating Agency

The Northeast Ohio Areawide Coordinating Agency (NOACA) was created by the County Commissioners of Cuyahoga, Geauga, Lake, Lorain, and Medina counties and is responsible for transportation and environmental planning in the given county region. NOACA is controlled by a 38-member board. The board exercises total control over the operation of the corporation including budgeting, appropriation, contracting and designing.

11. Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Loan	\$114,447	3.05%

The loan relates to the Fire Engine ordered in 2017.

Amortization

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

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
<u>December 31:</u>		
2020	\$ 37,008	\$ 3,494
2021	38,137	2,364
2022	<u>39,302</u>	<u>1,200</u>
Total	<u>\$114,447</u>	<u>\$ 7,058</u>

**ELYRIA TOWNSHIP
LORAIN COUNTY**

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

12. 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 continuing emergency measures may impact subsequent periods of the Township. The Township's investment portfolio and the investments in pension and other employee benefit plan in which the Township participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Township received CARES Act funding. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund.

**ELYRIA TOWNSHIP
LORAIN 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	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$110,027	\$538,059	\$0	\$648,086
Charges for Services		92,101		92,101
Licenses, Permits and Fees	51,525			51,525
Intergovernmental	198,887	136,377		335,264
Special Assessments		10,285		10,285
Earnings on Investments	1,738	158		1,896
Miscellaneous	9,089	2,526		11,615
<i>Total Cash Receipts</i>	<u>371,266</u>	<u>779,506</u>		<u>1,150,772</u>
Cash Disbursements				
Current:				
General Government	378,619	332,877		711,496
Public Safety	15,373	35,586		50,959
Public Works	5,728	142,390		148,118
Health	12,790			12,790
Conservation-Recreation	6,253			6,253
Capital Outlay			6,176	6,176
Debt Service:				
Principal Retirement	34,862			34,862
Interest and Fiscal Charges	6,095			6,095
<i>Total Cash Disbursements</i>	<u>459,720</u>	<u>510,853</u>	<u>6,176</u>	<u>976,749</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(88,454)</u>	<u>268,653</u>	<u>(6,176)</u>	<u>174,023</u>
Other Financing Receipts				
Sale of Capital Assets	9,550			9,550
Other Financing Sources	12,022			12,022
<i>Total Other Financing Receipts</i>	<u>21,572</u>			<u>21,572</u>
<i>Net Change in Fund Cash Balances</i>	<u>(66,882)</u>	<u>268,653</u>	<u>(6,176)</u>	<u>195,595</u>
<i>Fund Cash Balances, January 1</i>	<u>341,619</u>	<u>392,957</u>	<u>165,483</u>	<u>900,059</u>
Fund Cash Balances, December 31				
Restricted		488,887		488,887
Committed		172,723	159,307	332,030
Assigned	167,579			167,579
Unassigned	107,158			107,158
<i>Fund Cash Balances, December 31</i>	<u>\$274,737</u>	<u>\$661,610</u>	<u>\$159,307</u>	<u>\$1,095,654</u>

See accompanying notes to the basic financial statements

ELYRIA TOWNSHIP
LORAIN COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
<i>Fund Cash Balances, January 1</i>	<u>\$9,316</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$9,316</u></u>

See accompanying notes to the basic financial statements

**ELYRIA TOWNSHIP
LORAIN COUNTY**

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

1. Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Elyria Township, Lorain County, Ohio (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, fire protection, and emergency medical services. Police protection is provided by the Lorain County Sheriff.

Public Entity Risk Pool, Joint Venture and Jointly Governed Organizations

The Township participates in one public entity risk pool, one joint venture, and two jointly governed organizations. Notes 8, 9 and 10 to the financial statements provide additional information for these entities. These organizations are:

Public Entity Risk Pool: Ohio Township Association Risk Management Authority (OTARMA)

Joint Venture: Elyria Township - City of Elyria Joint Economic Development District (JEDD)

Jointly Governed Organizations: Lorain County General Health District
Northeast Ohio Area wide Coordinating Agency (NOACA)

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

2. Summary of Significant Accounting Policies

A. 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 governmental fund types, and a statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for its fiduciary fund type which are organized on a fund type basis.

B. Fund Accounting

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

1. 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.

2. 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 had the following significant Special Revenue Funds:

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

Fire Levy Fund – This fund receives property tax levy money and charges for services to pay for expenditures relating to fire protection.

ELYRIA TOWNSHIP
LORAIN COUNTY

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

2. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

3. 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 Fund:

JEDD Misc. Capital Projects – This fund accounts for capital projects from the proceeds of Joint Economic Development District (JEDD) receipts received from the City of Elyria.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township does not have any trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency funds account for the State's portion of building and permit fees and for a portion of insurance monies from structures sustaining fire damage to ensure resident or business performs the necessary structural repairs.

C. Basis of Accounting

These Financial Statements follow 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). The basis is similar to the cash receipts and disbursement accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

These statements include adequate disclosures of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2.03 (D) permit.

D. Budgetary Process

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

1. Appropriations

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

ELYRIA TOWNSHIP
LORAIN COUNTY

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

2. Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2018 budgetary activity appears in Note 4.

E. Deposits and Investments

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

Investment in STAR Ohio is measured at net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

F. 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.

G. 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.

H. Fund Balance

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 are as follows:

1. Nonspendable

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

2. 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.

3. 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.

ELYRIA TOWNSHIP
LORAIN COUNTY

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

2. Summary of Significant Accounting Policies (Continued)

H. Fund Balance (Continued)

4. 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 by State Statute.

5. 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.

3. Deposits and Investments

The Township maintains a deposit and investments 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:

	<u>2018</u>
Demand deposits	\$884,778
Total deposits	<u>884,778</u>
STAR Ohio	<u>220,192</u>
Total investments	<u>220,192</u>
Total deposits and investments	<u><u>\$1,104,970</u></u>

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

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

**ELYRIA TOWNSHIP
LORAIN COUNTY**

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

4. Budgetary Activity

Budgetary Activity for the year ended December 31, 2018 is as follows:

2018 Budgeted vs. Actual Receipts			
	Budgeted Receipts	Actual Receipts	Variance
<u>Fund Type</u>			
General	\$394,613	\$392,838	(\$1,775)
Special Revenue	657,860	779,506	121,646
Total	\$1,052,473	\$1,172,344	\$119,871

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
<u>Fund Type</u>			
General	\$750,292	\$522,390	\$227,902
Special Revenue	707,320	516,221	191,099
Capital Projects	10,070	6,176	3,894
Total	\$1,467,682	\$1,044,787	\$422,895

5. Property Tax

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 non-business, owner occupancy, and homestead exemption credits and/or 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 December 31. The second half payment is due the following June 20.

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

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

6. Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Some Township employees belong to the Ohio Public Employees Retirement System (OPERS). 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 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

ELYRIA TOWNSHIP
LORAIN COUNTY

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

6. Defined Benefit Pension Plans (Continued)

B. Social Security

The Township's part-time fire department employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

7. Post-Employment 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 plans 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.

8. Risk Management

Risk Pool Membership

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 Townships policy. The Pool covers the following risks:

- General Liability and casualty
- Public Officials liability
- Cyber
- Law Enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

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

9. Joint Venture

The Township participates in the Elyria Township – City of Elyria Joint Economic Development District (JEDD) which is created in accordance with sections 715.72 through 715.83 of the Ohio Revised Code. The purpose of the JEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State, the Township and the City. The City and the Township shall work together to provide or cause to be provided, water, sewer, storm sewer, street lighting, roads, sidewalks and other local government services to the area. These services are funded by a predetermined percentage of income tax revenue.

**ELYRIA TOWNSHIP
LORAIN COUNTY**

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

9. Joint Venture (Continued)

The Board of Directors consists of five members, the Township appoints two; one representing the Township and one representing the business owners in the JEDD, the City appoints two; one representing the City and one representing persons working within the JEDD, the fifth member shall serve as chairman and shall be elected by the other four members.

The Board adopted an annual budget for the JEDD and estimated the revenues and expenses of the operation of the JEDD. They also established the distribution of the income tax revenues. The Board is authorized to take such necessary and appropriate actions, or establish such programs to facilitate economic development in the JEDD area. Continued existence of the JEDD is dependent on the Township's continued participation; however, the Township does not have an equity interest in the JEDD. The JEDD is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the Township. Complete financial statements can be obtained from the Office of the City Finance Director, City of Elyria, 131 Court Street, Elyria, Ohio 44035.

10. Jointly Governed Organizations

A. Lorain County General Health District

The Township participates in the Lorain County General Health District, a jointly governed organization, which provides health services to the citizens within the Health District. The Health District is governed by the Board of Health, which represents the area served by the Health District and oversees the operation of the Health District. The Board of Health members are appointed to staggered five year terms. One member is appointed by the City of North Ridgeville, one member is jointly appointed by the cities of Avon and Sheffield Lake and one member is jointly appointed by the cities of Amherst and Oberlin. The remaining five members are appointed by the various mayors of villages, chairmen of township trustees and the County Commissioners. Financial information can be obtained by contacting the Lorain County General Health District, 9880 Murray Ridge Road, Elyria, Ohio 44035.

B. Northeast Ohio Areawide Coordinating Agency

The Northeast Ohio Areawide Coordinating Agency (NOACA) was created by the County Commissioners of Cuyahoga, Geauga, Lake, Lorain, and Medina counties and is responsible for transportation and environmental planning in the given county region. NOACA is controlled by a 38-member board. The board exercises total control over the operation of the corporation including budgeting, appropriation, contracting and designing.

11. Debt

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Loan	\$150,358	3.05%

The loan relates to the Fire Engine ordered in 2017.

ELYRIA TOWNSHIP
LORAIN COUNTY

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

11. Debt (Continued)

Amortization

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

Year Ending	<u>Principal</u>	<u>Interest</u>
<u>December 31:</u>		
2019	\$ 35,911	\$ 4,591
2020	37,008	3,494
2021	38,137	2,364
2022	<u>39,302</u>	<u>1,200</u>
Total	<u>\$150,358</u>	<u>\$11,649</u>

OHIO AUDITOR OF STATE KEITH FABER



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

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

Elyria Township
Lorain County
41416 Griswold Road
Elyria, Ohio 44035

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 Elyria Township, Lorain County, (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 14, 2022, 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 continuing emergency measures which may 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 opinions 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.

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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2019-001 and 2019-002 to be material weaknesses.

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 findings as items, 2019-001 and 2019-002.

Township's Responses to the Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of 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.



Keith Faber
Auditor of State
Columbus, Ohio

March 14, 2022

ELYRIA TOWNSHIP
LORAIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-001

Noncompliance and Material Weakness – Ohio Public Works Commission Grant

Ohio Rev. Code § 5705.42 requires in part, when the state or any department, division, agency authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, the amount is deemed appropriated and shall be recorded by the subdivision. Additionally, Auditor of State Bulletin 2002-004 establishes the requirements for an entity receiving funding from the Ohio Public Works Commission (OPWC) Infrastructure Project. Entities are required to establish a capital projects fund to account for the funding. In the case where monies available from other funds (i.e. General Fund) will be used to meet the local matching requirements, the entity shall transfer these monies into the capital projects fund. The entity should record payments made on its behalf to vendors by OPWC as revenues and expenditures on its financial statements. Additionally, the entity shall include in its capital project fund appropriations the amount necessary, including local matching contributions and on-behalf-of payments, to meet the obligations to be incurred during the fiscal year and shall include in its official or amended certificates of estimated resources the grant funding and local matching contributions anticipated to be recorded in the capital projects fund during the fiscal year.

In 2019, the Township executed a grant agreement with the OPWC. OPWC made a payment on-behalf-of the Township directly to the vendor working on this project. Due to a lack of internal controls, the Township did not record the on-behalf-of payment in their accounting system or year-end financial statements which resulted in an understatement of capital outlay disbursements of \$111,590 in the Capital Projects Fund opinion unit, with a corresponding understatement of intergovernmental receipts. The Township's financial statements were adjusted to correct this error.

Additionally, in 2019, the Township did not update the appropriations in their accounting system or obtain amended certificates of estimated resources for this project.

The Township should ensure procedures are implemented to record all on-behalf-of grant expenditures and corresponding receipts on the financial statements. The Township should also update appropriations in their accounting system and obtain amended certificates of estimated resources for OPWC projects.

Official's Response: Elyria Township acknowledges this finding and is working to correct Finding 2019-001.

**ELYRIA TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

FINDING NUMBER 2019-002

Noncompliance and Material Weakness – Accounting for EMS Charges for Services Receipts

Ohio Rev. Code § 505.84 indicates a board of township trustees may establish reasonable charges for the use of fire and rescue services, ambulance services, or emergency medical services. Additionally, charges collected under this section shall be kept in a separate fund used for the township's payment of costs associated with the operation of fire, rescue services, ambulance services, and emergency medical services. **2014 Op. Att'y. Gen. No. 2014-006 (conclusion, part 4)** indicates a township may hire a company to send out bills on behalf of the township for the use of fire and rescue, ambulance, or emergency medical services, provided they are charges the township may lawfully collect, and further provided that the charges are paid to the township and deposited in the fire and rescue services, ambulance services and emergency medical services fund, as required by **Ohio Rev. Code § 505.84**.

Due to a lack of internal controls and oversight, in 2018, the Township recorded receipts for Emergency Management Services (EMS), received from the Township's third-party billing company, in the General Fund rather than the Fire Levy Special Revenue Fund. The Township's Fire Levy Fund is used to account for the operations of the Township's fire department including EMS transportation and treatment services. The result of this accounting error was an \$88,405 overstatement of charges for services receipts and cash in the General Fund and a corresponding \$88,405 understatement of charges for services receipts and cash in the Fire Levy Fund. The Township's financial statements were adjusted to correct this error.

The failure to accurately implement and monitor controls over financial reporting can decrease the reliability of financial data.

The Township should record EMS charges receipts received from their third-party billing company in the Fire Levy Fund in compliance with **Ohio Rev. Code § 505.84**.

Official's Response: Elyria Township acknowledges this finding. Elyria Township has corrected Finding 2019-002, as advised.



**ELYRIA TOWNSHIP
LORAIN COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Ohio Rev. Code § 5705.42 – The Township did not record any of the on-behalf-of payments in their accounting system or year-end financial statements. Also, the Township did not update the appropriations in the accounting system or obtain amended certificates of estimated resources.	Not Corrected.	This issue is repeated as a Noncompliance Finding / Material Weakness during the current audit.
2017-002	The Township recorded receipts for emergency management services (EMS) received from their third-party billing company in the General Fund, instead of the Fire Levy Fund, which is the fund used to account for the operations of the fire department including EMS transportation and treatment.	Not Corrected.	This issue is repeated as a Noncompliance Finding / Material Weakness during the current audit.
2017-003	The Township financial statements required several adjustments.	Partially Corrected.	Similar comment noted in the Management Letter.
2017-004	The Township did not complete the requisite documentation regarding the Township’s Medicare revalidation resulting in a lapse in enrollment with Medicare for the treatment and transportation of patients using this insurance program.	Fully Corrected.	None.

OHIO AUDITOR OF STATE KEITH FABER



ELYRIA TOWNSHIP

LORAIN 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 3/29/2022

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
www.ohioauditor.gov