





ELYRIA TOWNSHIP  
LORAIN COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER

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## INDEPENDENT AUDITOR'S REPORT

Elyria Township  
Lorain County  
41416 Griswold Road  
Elyria, Ohio 44035

To the Township Trustees:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of Elyria Township, Lorain County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental and fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***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* section of our report, the accompanying financial statements 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, 2021 and 2020, or the changes in financial position thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 14 to the financial statements, for each year, 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.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2025, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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

January 21, 2025

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**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, 2021**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$115,991	\$563,334		\$679,325
Charges for Services		106,116		106,116
Licenses, Permits and Fees	103,808			103,808
Intergovernmental	370,761	487,153	\$37,235	895,149
Special Assessments		257		257
Earnings on Investments	178	32		210
Miscellaneous	11,461	41,002		52,463
<i>Total Cash Receipts</i>	<u>602,199</u>	<u>1,197,894</u>	<u>37,235</u>	<u>1,837,328</u>
<b>Cash Disbursements</b>				
Current:				
General Government	334,211	392,615		726,826
Public Safety		366,727		366,727
Public Works	12,000	96,285		108,285
Conservation-Recreation	6,853			6,853
Capital Outlay			37,235	37,235
Debt Service:				
Principal Retirement	38,138	143,031		181,169
Interest and Fiscal Charges	2,364	6,969		9,333
<i>Total Cash Disbursements</i>	<u>393,566</u>	<u>1,005,627</u>	<u>37,235</u>	<u>1,436,428</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>208,633</u>	<u>192,267</u>	<u>0</u>	<u>400,900</u>
<i>Net Change in Fund Cash Balances</i>	<u>208,633</u>	<u>192,267</u>	<u>0</u>	<u>400,900</u>
<i>Fund Cash Balances, January 1</i>	<u>340,445</u>	<u>1,065,949</u>	<u>143,317</u>	<u>1,549,711</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$549,078</u></u>	<u><u>\$1,258,216</u></u>	<u><u>\$143,317</u></u>	<u><u>\$1,950,611</u></u>

*See accompanying notes to the basic financial statements*

ELYRIA TOWNSHIP  
LORAIN COUNTY

COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS AND  
CHANGES IN FUND CASH BALANCES (REGULATORY CASH BASIS)  
FIDUCIARY FUND TYPE - CUSTODIAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<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, 2021*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Elyria Township, Lorain County, (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. The Township contracts with Medicount, Inc., to be reimbursed for ambulance services provided by Township personnel.

***Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools***

The Township participates in one public entity risk pool, two joint ventures, and two jointly governed organizations. Notes 7, 11, and 12 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 Ventures:**

City of Elyria Joint Economic Development District (JEDD)

City of Lorain Joint Economic Development District (JEDD)

**Jointly Governed Organizations:**

Lorain County General Health District

Northeast Ohio Areawide Coordinating Agency

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 governmental fund types, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for its fiduciary fund type which are 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 and 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 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.

**Elyria Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

**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.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

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's custodial funds accounts 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.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

### ***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). 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 presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

### ***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain custodial funds) 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 must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**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, 2021*

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**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 2021 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 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 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**

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:

**Nonspendable** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

**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.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**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.

**Elyria Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire Levy Fund by \$15,347 for the year ended December 31, 2021.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$464,994	\$602,199	\$137,205
Special Revenue	954,808	1,197,894	243,086
Capital Projects	37,235	37,235	0
Fiduciary	115,000	0	(115,000)
Total	<u>\$1,572,037</u>	<u>\$1,837,328</u>	<u>\$265,291</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$536,321	\$403,388	\$132,932
Special Revenue	1,168,223	1,009,752	158,471
Capital Projects	37,235	37,235	0
Fiduciary	120,000	0	120,000
Total	<u>\$1,861,779</u>	<u>\$1,450,376</u>	<u>\$411,403</u>

**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

**Elyria Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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Demand deposits	<u>\$1,732,786</u>
Total deposits	<u>1,732,786</u>
 STAR Ohio	 <u>227,141</u>
Total investments	<u>227,141</u>
 Total deposits and investments	 <u><u>\$1,959,927</u></u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township was holding \$9,458 in unremitted employee payroll withholdings.

***Deposits***

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***

Investments in STAR Ohio 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

**Note 7 – Risk Management**

***Workers' Compensation***

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

**Elyria Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***Risk Pool Membership***

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

The Pool assumes the risk of loss up to the limits of the Elyria Township 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

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

	2021
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

**Note 8 – Defined Benefit Pension Plans**

***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 health care 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, 2021.

***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, 2021.



**Elyria Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**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 2 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

**Note 10 – Debt**

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Financing for Fire Engine	\$39,302	3.05%
Financing for Ambulance	<u>90,256</u>	2.99%
Total	<u><u>\$129,558</u></u>	

The Township entered into lease purchase agreements to finance the purchase of a fire engine ordered in 2017 and an ambulance ordered in 2020.

***Amortization***

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

<u>Year Ending December 31:</u>	<u>Financing for Fire Engine</u>	<u>Financing for Ambulance</u>
2022	\$40,502	\$14,908
2023		<u>82,454</u>
Total	<u><u>\$40,502</u></u>	<u><u>\$97,361</u></u>

**Note 11– Joint Ventures**

***Joint Economic Development Districts – City of Elyria***

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.

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.

**Elyria Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***Joint Economic Development Districts – City of Lorain***

The Township participates in the Elyria Township – City of Lorain 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 and allowance for Carvana, Inc. to access City of Lorain sewer systems. Carvana, Inc. resides in Elyria Township limits. These services are funded by a predetermined percentage of income tax revenue. The Board of Directors consists of two members, the Township appoints one; representing the Township, the City appoints one; one representing the City.

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 Auditor, City of Elyria, 131 Court Street, Elyria, Ohio 44035.

**Note 12 – Jointly Governed Organizations**

***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.

***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.

**Elyria Township**  
*Lorain County*  
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*For the Year Ended December 31, 2021*

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**Note 13 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	<u>\$9,822</u>	<u>\$4,125</u>	<u>0</u>	<u>\$13,947</u>
Total	<u>\$9,822</u>	<u>\$4,125</u>	<u>\$0</u>	<u>\$13,947</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 14 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2021, the Township received ARPA funding in the amount of \$166,345. The Township will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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**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, 2020**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$113,978	\$551,740		\$665,718
Charges for Services		68,908		68,908
Licenses, Permits and Fees	211,516			211,516
Intergovernmental	225,502	453,807	\$138,583	817,892
Special Assessments		10,190		10,190
Earnings on Investments	1,431	193		1,624
Miscellaneous	2,749	6,006		8,755
<i>Total Cash Receipts</i>	<u>555,176</u>	<u>1,090,844</u>	<u>138,583</u>	<u>1,784,603</u>
<b>Cash Disbursements</b>				
Current:				
General Government	441,507	446,821		888,328
Public Safety		225,470		225,470
Public Works		264,185		264,185
Health	5,005			5,005
Conservation-Recreation	4,694			4,694
Other			11,284	11,284
Capital Outlay			138,583	138,583
Debt Service:				
Principal Retirement	37,008			37,008
Interest and Fiscal Charges	3,494			3,494
<i>Total Cash Disbursements</i>	<u>491,708</u>	<u>936,476</u>	<u>149,867</u>	<u>1,578,051</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>63,468</u>	<u>154,368</u>	<u>(11,284)</u>	<u>206,552</u>
<b>Other Financing Receipts</b>				
Sale of Capital Assets	13,300			13,300
<i>Total Other Financing Receipts</i>	<u>13,300</u>			<u>13,300</u>
<i>Net Change in Fund Cash Balances</i>	<u>76,768</u>	<u>154,368</u>	<u>(11,284)</u>	<u>219,852</u>
<i>Fund Cash Balances, January 1</i>	<u>263,677</u>	<u>911,581</u>	<u>154,601</u>	<u>1,329,859</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$340,445</u></u>	<u><u>\$1,065,949</u></u>	<u><u>\$143,317</u></u>	<u><u>\$1,549,711</u></u>

See accompanying notes to the basic financial statements

ELYRIA TOWNSHIP  
LORAIN COUNTY

COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS AND  
CHANGES IN FUND CASH BALANCES (REGULATORY CASH BASIS)  
FIDUCIARY FUND TYPE - CUSTODIAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<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>

*See accompanying notes to the basic financial statements*

**Elyria Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Elyria Township, Lorain County, (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. The Township contracts with Medicount, Inc., to be reimbursed for ambulance services provided by Township personnel.

***Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools***

The Township participates in one public entity risk pool, one joint venture, and two jointly governed organizations. Notes 7, 11, and 12 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:**

City of Elyria Joint Economic Development District (JEDD)

**Jointly Governed Organizations:**

Lorain County General Health District

Northeast Ohio Areawide Coordinating Agency

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 governmental fund types, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for its fiduciary fund which are 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 and 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 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 to pay for expenditures relating to fire protection.

**Elyria Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

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's custodial funds accounts 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.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain custodial funds) 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 must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**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.

**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 2020 budgetary activity appears in Note 4.



**Elyria Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***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 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***

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:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

**Elyria Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the JEDD Misc. Capital Project Fund by \$11,284 for the year ended December 31, 2020.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$495,348	\$568,476	\$73,128
Special Revenue	805,649	1,090,844	285,195
Capital Projects	138,583	138,583	0
Total	<u>\$1,439,580</u>	<u>\$1,797,903</u>	<u>\$358,323</u>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$532,447	\$498,029	\$34,418
Special Revenue	1,122,821	945,699	177,122
Capital Projects	138,583	149,867	(11,284)
Total	<u>\$1,793,851</u>	<u>\$1,593,595</u>	<u>\$200,256</u>

**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2020
<b>Cash Management Pool:</b>	
Demand deposits	<u>\$1,332,071</u>
Total deposits	<u>1,332,071</u>
STAR Ohio	<u>226,956</u>
Total investments	<u>226,956</u>
Total deposits and investments	<u>\$1,559,027</u>

**Elyria Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township was holding \$7851.59 in unremitted employee payroll withholdings.

***Deposits***

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***

Investments in STAR Ohio 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

**Note 7 – Risk Management**

***Workers' Compensation***

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

***Risk Pool Membership***

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

The Pool assumes the risk of loss up to the limits of the Elyria Township policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber

**Elyria Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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- 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 liabilities as of December 31:

	2020
Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

**Note 8 – Defined Benefit Pension Plans**

***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 health care 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, 2020

***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, 2020.

**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 2 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**Note 10 – Debt**

Debt outstanding at December 31, 2020, was as follows:

**Elyria Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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	<u>Principal</u>	<u>Interest Rate</u>
Financing for Fire Engine	\$77,439	3.05%
Financing for Ambulance	<u>233,287</u>	2.99%
Total	<u><u>\$310,726</u></u>	

The Township entered into lease purchase agreements to finance the purchase of a fire engine ordered in 2017 and an ambulance ordered in 2020.

***Amortization***

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

<u>Year Ending December 31:</u>	<u>Financing for Fire Engine</u>	<u>Financing for Ambulance</u>
2021	\$40,502	\$82,454
2022	40,502	82,454
2023	<u>          </u>	<u>82,454</u>
Total	<u><u>\$81,004</u></u>	<u><u>\$247,361</u></u>

**Note 11 – 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.

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.

**Note 12 – Jointly Governed Organizations**

***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.

***Northeast Ohio Areawide Coordinating Agency***

The Northeast Ohio Areawide Coordinating Agency (NOACA) was created by the County Commissioners

**Elyria Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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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.

**Note 13 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	\$6,321	\$9,223	\$ -	\$15,544
Total	<u>\$6,321</u>	<u>\$9,223</u>	<u>\$0</u>	<u>\$15,544</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 14 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2020, the Township received CARES Act funding in the amount of \$193,588. The Township will continue to spend available COVID-19 funding consistent with the applicable program guidelines.



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(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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and fiduciary fund type as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of Elyria Township, Lorain County, Ohio (the Township) and have issued our report thereon dated January 21, 2025, 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.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 and 2021-002 that we consider material weaknesses.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are is required to be reported under *Government Auditing Standards*.

***Township's Response to the Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Township's response to the finding identified in our audit and described in the accompanying schedule of findings. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of this Report***

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 21, 2025



**ELYRIA TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020**

**FINDING NUMBER 2021-001**

**Material Weakness – On-Behalf Transactions – Ohio Public Works Commission Grant**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph 06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Auditor of State (AOS) Bulletin 2000-008 provides guidance for cash basis accounting for on-behalf funding. In short, the Bulletin indicates that when a local government enters into an on-behalf-of program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

In 2021, the Township executed a grant agreement with the OPWC. OPWC made a payment in 2021 on-behalf-of the Township directly to the vendor working on this project. Due to insufficient internal controls, the Township did not record the 2021 on-behalf payment in their accounting system or year-end financial statements which resulted in an understatement of capital outlay disbursements of \$37,235 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.

In 2020, the Township executed a grant agreement with the OPWC. OPWC made a payment in 2020 on-behalf-of the Township directly to the vendor working on this project. Due to insufficient internal controls, the Township did not record the 2020 on-behalf payment in their accounting system or year-end financial statements which resulted in an understatement of capital outlay disbursements of \$138,583 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 2021 and 2020, the Township did not update the appropriations in their accounting system or obtain amended certificates of estimated resources for this project.

Failure to record payments timely can result in inaccurate financial statements and can increase the potential for budgetary reporting and management decision weaknesses.

The Fiscal Officer should refer to AOS Bulletin 2000-08 for guidance on properly recording on-behalf receipts and expenditures, and take additional care in posting transactions to the Township ledgers in order to ensure the Township's year-end financial statements reflect the appropriate sources and uses of the Township's financial resources.

**Official's Response:** Elyria Township acknowledges this finding and is working to correct finding 2021-001.

**ELYRIA TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020**

**FINDING NUMBER 2021-002**

**Material Weakness - Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

For the 2020 financial statements the following errors were identified and were adjusted to the financial statements and accounting records, where applicable, by management.

- General Fund beginning cash fund balance was overstated and the Special Revenue Fund's beginning cash fund balance was understated \$88,405 due to a prior audit period adjustment which was not posted to the accounting system.

For the 2021 financial statements the following errors were identified and were adjusted to the financial statements and accounting records, where applicable, by management.

- General Fund cash fund balance and intergovernmental receipts were understated, and Custodial Fund cash balance and intergovernmental receipts were overstated \$24,704 due to the recording of JEDD receipts in an incorrect fund.

Failure to timely post audit adjustments and accurately classify financial statement transactions diminishes the reliability of the financial data at year-end.

The Township should exercise due diligence when posting receipts to the Township's system (UAN) and ensure transactions are posted timely.

**Official's Response:** Elyria Township acknowledges this finding and is working to correct finding 2021-002.

ELYRIA TOWNSHIP  
LORAIN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020

OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issue related to Findings for Recovery. This issue did not impact our GAGAS report.

FINDING NUMBER 2021-003

Finding For Recovery

**State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)**, provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. **Auditor of State Bulletin 2003-005**, Expenditure of Public Funds/Proper Public Purpose provides that the Auditor of State will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

**Ohio Rev. Code § 5747.06** requires employers to withhold and remit income tax on behalf of employees, and the failure to make timely payments may result in late fees and penalties.

**Ohio Rev. Code § 5747.07(B)(3)** provides that for the combined amount of Ohio and school district withholding taxes withheld, except as required by divisions (B)(1) and (2) of this section, if an employer's actual or required payments were more than two thousand dollars during the twelve-month period ending on the thirtieth day of June of the preceding calendar year, the employer shall make the payment of undeposited taxes for each month during which they were required to be withheld no later than fifteen days following the last day of that month. The employer shall file the return prescribed by the tax commissioner with the payment.

During 2021 and 2020, the Township did not timely remit certain payments, made duplicate tax payments, and paid late fees, interest charges and penalties aggregating to \$5,363.96 as follows:

Credit Cards - late fees and interest	\$536.08
State of Ohio Department of Taxation - late fees	6.95
Regional Income Tax Agency - late fees	1,756.27
State of Ohio Department of Taxation - duplicate payments	636.20
Regional Income Tax Agency - duplicate payments	<u>2,428.46</u>
Total	<u>\$5,363.96</u>

This repeated failure to remit local and state tax withholdings timely and failure to pay credit card balances timely is considered gross negligence. The late fees, penalties, and interest paid by the Township that were incurred as a result of gross negligence serve no proper public purpose and could have been avoided had the withholdings and credit card statements been paid in a timely manner.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Stephanie DeWitt, Fiscal Officer, and her bonding company, Travelers Casualty and Surety Company of America, jointly and severally, in the amount of \$5,363.96, and in favor of the Township's General Fund.

The Township should implement internal controls to ensure payments are made timely as to avoid future duplicate payments, late fees, penalties and interest.

**Official's Response:** We did not receive a response from Officials to this finding.

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**ELYRIA TOWNSHIP  
LORAIN COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2021 AND 2020**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	<b>Ohio Rev. Code § 5705.42</b> – The Township did not record the Ohio Public Works Commission (OPWC) on-behalf-of payment 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	Repeated as Finding Number 2021-001
2019-002	<b>Ohio Rev. Code § 505.84</b> – 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. This overstated charges for service in the General Fund and understated charges for services in the Fire Levy Fund.	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 2/4/2025**

65 East State 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](http://www.ohioauditor.gov)