

***LYME TOWNSHIP***

**HURON COUNTY, OHIO**

**REGULAR AUDIT**

**For the Years Ended December 31, 2020 and 2019**





OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Trustees  
Lyme Township  
4731 State Route 4  
Bellevue, Ohio 44811

We have reviewed the *Independent Auditor's Report* of Lyme Township, Huron County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber  
Auditor of State  
Columbus, Ohio

July 20, 2021

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**LYME TOWNSHIP**  
**HURON COUNTY, OHIO**  
**Regular Audit**  
**For the Years Ended December 31, 2020 and 2019**

**TABLE OF CONTENTS**

<b><u>TITLE</u></b>	<b><u>PAGE</u></b>
Independent Auditor's Report	1-3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2020	4
Notes to the Financial Statements – For the Year Ended December 31, 2020	5-11
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2019	12
Notes to the Financial Statements – For the Year Ended December 31, 2019	13-19
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	20-21
Prepared by Management:	
Schedule of Prior Audit Findings	22

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**INDEPENDENT AUDITOR'S REPORT**

Lyme Township  
Huron County  
4731 St Rt 4  
Bellevue, OH 44811

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type, and related notes of Lyme Township, Huron County, Ohio (the Township) as of and for the years ended December 31, 2020 and 2019.

***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 have 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 determined, 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, 2020 and 2019, 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 for each governmental fund type, and related notes of Lyme Township, Huron County as of December 31, 2020 and 2019 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 Matters***

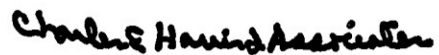
As discussed in Note 11 to the 2020 and 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinions regarding this matter.

As discussed in Note 12 to the 2020 financial statements, the Township made several changes to its reporting model. 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 June 10, 2021, on our consideration of the Township's internal control over financial reporting and on 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.



***Charles E. Harris & Associates, Inc.***  
June 10, 2021

**LYME TOWNSHIP  
HURON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 117,928	\$ 74,648	\$ 192,576
Licenses, Permits and Fees	10,623	-	10,623
Intergovernmental	22,872	155,478	178,350
Earnings on Investments	2,058	1,081	3,139
Miscellaneous	10,752	-	10,752
	<hr/>	<hr/>	<hr/>
<i>Total Cash Receipts</i>	164,233	231,207	395,440
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements</b>			
Current:			
General Government	89,430	1,487	90,917
Public Safety	35,000	-	35,000
Public Works	17,818	252,618	270,436
Health	12,279	-	12,279
Debt Service:			
Principal Retirement	-	8,465	8,465
	<hr/>	<hr/>	<hr/>
<i>Total Cash Disbursements</i>	154,527	262,570	417,097
	<hr/>	<hr/>	<hr/>
<i>Net Change in Fund Cash Balances</i>	9,706	(31,363)	(21,657)
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, January 1</i>	68,187	466,108	534,295
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$ 77,893</u>	<u>\$ 434,745</u>	<u>\$ 512,638</u>

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

**Lyme Township**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Lyme Township, Huron 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, cemetery maintenance. The Township contracts with the City of Bellevue to provide fire services.

***Public Entity Risk Pool***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool which provides property and casualty coverage for its members. Note 6 to the financial statements provide additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal 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:

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

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

**Lyme Township**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***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 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. Appropriations lapse at year end.

***Estimated Resources*** - Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 3.

***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. The Township does not have any of the capital 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.

**Lyme Township**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 2 – Summary of Significant Accounting Policies (continued)**

***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.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$141,563	\$164,233	\$22,670
Special Revenue	231,238	231,207	(31)

**Lyme Township**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 3 – Budgetary Activity (continued)**

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 209,750	\$ 155,143	\$ 54,607
Special Revenue	697,346	263,326	434,020

**Note 4 – 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 accounts are as follows:

	2020
<b>Cash Management Pool:</b>	
Demand deposits	\$ 512,638

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 does not have any unremitted employee payroll withholdings.

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Township; 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.

**Note 5 – 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.

**Lyme Township**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 6 – 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 Township’s policy. The Pool covers the following risks:

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

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

	2019
Cash and investments	\$35,207,320
Actuarial liabilities	\$ 10,519,942

***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.

**Note 7 – 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***

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

**Lyme Township**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 7 – Defined Benefit Pension Plans (continued)**

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 8 – 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 Medical Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allotted to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allotted to health care for OPERS members in the member-directed plan was 4 percent during calendar year 2020.

**Note 9 – Debt**

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

	Principal	Interest Rate
Ohio Public Works (OPWC) - CT21P	\$ 253,940	0%

The Ohio Public Works (OPWC) loan – CT21P relates to the Phase II reconstruction project of Sandhill Road and was approved in the amount of \$338,588. The loan will be repaid in semiannual installments of \$8,465 over 20 years, commencing on July 1, 2015 and ending January 1, 2035.

***Amortization***

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

Year Ending December 31:	OPWC- CT21P
2021	\$ 16,930
2022	16,929
2023	16,930
2024	16,929
2025	16,930
2026-2030	84,646
2031-2035	84,646
Total	\$ 253,940



**Lyme Township**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 10 – 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 facilitate effective cash planning and control. At year end, the encumbrances were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 616	\$ 756	\$ 1,372

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

**Note 11– 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 12 – Change in Accounting Principle**

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. There was no effect on the beginning fund balance.

**Note 13 Contingent Liabilities**

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township’s financial condition.

**LYME TOWNSHIP  
HURON COUNTY**

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 116,244	\$ 73,290	\$ 189,534
Licenses, Permits and Fees	4,357	-	4,357
Intergovernmental	23,029	130,479	153,508
Earnings on Investments	2,111	1,019	3,130
Miscellaneous	2,456	-	2,456
<i>Total Cash Receipts</i>	<u>148,197</u>	<u>204,788</u>	<u>352,985</u>
<b>Cash Disbursements</b>			
Current:			
General Government	91,202	1,498	92,700
Public Safety	34,999	-	34,999
Public Works	21,495	156,837	178,332
Health	11,207	-	11,207
Capital Outlay	1,395	9,400	10,795
Debt Service:			
Principal Retirement	-	40,749	40,749
Interest & Fiscal Charges	-	752	752
<i>Total Cash Disbursements</i>	<u>160,298</u>	<u>209,236</u>	<u>369,534</u>
<i>Net Change in Fund Cash Balances</i>	(12,101)	(4,448)	(16,549)
<i>Fund Cash Balances, January 1</i>	<u>80,288</u>	<u>470,556</u>	<u>550,844</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	466,108	466,108
Assigned	68,187	-	68,187
<i>Fund Cash Balances, December 31</i>	<u>\$ 68,187</u>	<u>\$ 466,108</u>	<u>\$ 534,295</u>

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

**Lyme Township**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Lyme Township, Huron 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, cemetery maintenance. The Township contracts with the City of Bellevue to provide fire services.

***Public Entity Risk Pool***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool which provides property and casualty coverage for its members. Note 6 to the financial statements provide additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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***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:

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

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

**Lyme Township**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***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 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. Appropriations lapse at year end.

***Estimated Resources*** - Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 2019 budgetary activity appears in Note 3.

***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. The Township does not have any of the capital 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.

**Lyme Township**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***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.

***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*** The 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. 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 the Trustees or a Township official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund.

***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.

**Lyme Township**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 3 – Budgetary Activity**

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 139,538	\$ 148,197	\$ 8,659
Special Revenue	178,971	204,788	25,817

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 219,826	\$ 160,298	\$ 59,528
Special Revenue	649,526	209,236	440,290

**Note 4 – Deposits**

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

	2019
Demand deposits	\$ 534,295

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Township; 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.

**Note 5 – 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.

**Lyme Township**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 6 – 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 Township’s policy. The Pool covers the following risks:

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

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

	<u>2019</u>
Cash and investments	\$33,097,416
Actuarial liabilities	7,874,610

***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.

**Note 7 – 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, 2019.

***Social Security***

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

**Lyme Township**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 7 – Defined Benefit Pension Plans (continued)**

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.

**Note 8 – 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 Medical Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allotted to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allotted to health care for OPERS members in the member-directed plan was 4 percent during calendar year 2019.

**Note 9 – Debt**

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

	Principal	Interest Rate
Ohio Public Works(OPWC) CT21P	\$ 262,405	0%

The Ohio Public Works (OPWC) loan – CT21P relates to the Phase II reconstruction project of Sandhill Road and was approved in the amount of \$338,588. The loan will be repaid in semiannual installments of \$8,465 over 20 years, commencing on July 1, 2015 and ending January 1, 2035.

***Amortization***

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

Year Ending December 31:	OPWC- CT21P
2020	\$ 8,465
2021	16,929
2022	16,930
2023	16,929
2024	16,930
2025-2029	84,645
2030-2034	84,647
2035	16,930
Total	\$ 262,405



**Lyme Township**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 10 – Contingent Liabilities**

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township's financial condition.

**Note 11 – Subsequent Events**

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

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

Lyme Township  
Huron County  
4731 St Rt 4  
Bellevue, OH 44811

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019 of Lyme Township, Huron County (the Township) and the related notes to the financial statements and have issued our report thereon dated June 10, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township and several changes to its reporting model.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the 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, 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 a 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. Given these limitations, we did not identify any deficiency in internal control that we consider material weakness. However, unidentified material weaknesses may exist.

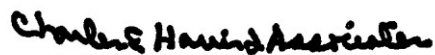
***Compliance and Other Matters***

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

However, we noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 10, 2021.

***Purpose of this Report***

The 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.



***Charles E. Harris & Associates, Inc.***  
June 10, 2021

**LYME TOWNSHIP  
HUROM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Years Ended December 31, 2020 and 2019  
Prepared by Management**

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2018-001	Noncompliance - Ohio Rev. Code Chapters 133 and 505 for the issuance of unallowable debt.	Corrected	N/A

# OHIO AUDITOR OF STATE KEITH FABER



**LYME TOWNSHIP**

**HURON 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 8/3/2021**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)