



**Mary Taylor, CPA**  
Auditor of State





# Dave Yost • Auditor of State

January 11, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

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DAVE YOST  
Auditor of State

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**ELYRIA TOWNSHIP  
LORAIN COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Elyria Township  
Lorain County  
41416 Griswold Road  
Elyria, Ohio 44035

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Elyria Township, Lorain County, Ohio (the Township), as of and for the year ended December 31, 2009, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Elyria Township, Lorain County, Ohio, as of December 31, 2009, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Road and Bridge, and Fire Levy funds for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

November 18, 2010

**Elyria Township**  
**Lorain County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

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This discussion and analysis of Elyria Township's (the "Township") financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2009, within the limitations of the Township's cash basis accounting. Readers are encouraged to also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

### **Financial Highlights**

Key highlights for 2009 are as follows:

- The Township's net assets at December 31, 2009 were \$1,128,861.
- The Township's total net assets increased by \$67,917 or 6.4 percent.
- The Township's general receipts are primarily property taxes and grants and entitlement. General receipts represent 64.2 percent of the total cash received for governmental activities during 2009. Program specific receipts in the form of charges for services and assessments and operating grants and contributions represent the remaining 35.8 percent of total cash received.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

### **Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**Elyria Township**  
**Lorain County, Ohio**  
*Management's Discussion and Analysis*  
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As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Township as a Whole**

One of the most important questions asked about the Township's finances is "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information, within the limitations of the cash basis of accounting, about the Township as a whole and about its activities in a way that helps answer this question. The Statement of Net Assets presents the cash balances of the governmental activities of the Township at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

**Reporting on the Most Significant Funds of Elyria Township**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The Township's significant governmental funds are presented on the financial statements in separate columns. The Township's major governmental funds are as follows: General Fund, Road and Bridge Fund, Fire Levy Fund, and the Joint Economic Development District (JEDD) Miscellaneous Capital Fund. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column.

**Elyria Township**  
**Lorain County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2009 compared to 2008 on a cash basis:

(Table 1)

**Net Assets**

	Governmental Activities		
	2009	2008	Change
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,128,861	\$1,060,944	\$67,917
Total Assets	\$1,128,861	\$1,060,944	\$67,917
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$450,452	\$425,161	\$25,291
Fire Protection	315,746	274,695	41,051
Street Lighting	699	2,425	(1,726)
Road and Bridge	354,534	246,621	107,913
Recycling	81,305	83,584	(2,279)
Unrestricted	(73,875)	28,458	(102,333)
Total Net Assets	\$1,128,861	\$1,060,944	\$67,917

Total net assets increased \$67,917 from 2008 to 2009 or 6.4 percent.

**Elyria Township**  
**Lorain County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

Table 2 reflects the changes in net assets on a cash basis in 2009 compared to 2008 for Governmental Activities.

(Table 2)

**Changes in Net Assets**

	Governmental Activities		Change
	2009	2008	
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$103,701	\$105,410	(\$1,709)
Operating Grants and Contributions	179,102	214,777	(\$35,675)
Capital Grants and Contributions	111,734	87,212	24,522
Total Program Receipts	<u>394,537</u>	<u>407,399</u>	<u>(12,862)</u>
General Receipts:			
Property Taxes	431,642	422,548	9,094
Income Taxes levied for the JEDD	64,927	130,405	(65,478)
Grants and Entitlements, Not Restricted to Specific Programs	153,091	319,425	(166,334)
Sale of Capital Assets	579	1,365	(786)
Interest	2,942	16,178	(13,236)
Miscellaneous	53,850	14,797	39,053
Total General Receipts	<u>707,031</u>	<u>904,718</u>	<u>(197,687)</u>
Total Receipts	<u>1,101,568</u>	<u>1,312,117</u>	<u>(210,549)</u>
Disbursements:			
General Government	479,950	440,042	39,908
Public Safety	88,851	149,131	(60,280)
Public Works	355,494	329,633	25,861
Health	10,344	6,187	4,157
Capital Outlay	24,425	115,534	(91,109)
Debt Service			
Principal Retirement	60,106	70,870	(10,764)
Interest and Fiscal Charges	14,481	18,494	(4,013)
Total Disbursements	<u>1,033,651</u>	<u>1,129,891</u>	<u>(96,240)</u>
Change in Net Assets	67,917	182,226	(114,309)
Net Assets, Beginning of Year	<u>1,060,944</u>	<u>878,718</u>	<u>182,226</u>
Net Assets, End of Year	<u>\$1,128,861</u>	<u>\$1,060,944</u>	<u>\$67,917</u>

**Elyria Township**  
**Lorain County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

Program receipts represent only 35.8 percent of total receipts and are primarily comprised of operating grants and contribution receipts.

General receipts represent 64.2 percent of the Township's total receipts, and of this amount, 61.0 percent are property taxes. Municipal income taxes from the JEDD and grant and entitlements make up another 30.9 percent.

Disbursements for general government represent the overhead costs of running the Township and the support services provided for the other Township activities. These costs do not represent direct services to residents.

**Governmental Activities**

If you look at the Statement of Activities on page 10, you will see that the first column lists the services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government, which account for 46.4 percent of all governmental disbursements. Public works disbursements account for 34.4 percent. Public safety disbursements make up 8.6 percent while capital outlay consists of 2.4 percent. The next columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
General Government	\$479,950	\$440,042	(\$441,344)	(\$300,944)
Public Safety	88,851	149,131	29,571	(121,480)
Public Works	355,494	329,633	(117,985)	(89,976)
Health	10,344	6,187	(10,344)	(5,194)
Capital Outlay	24,425	115,534	(24,425)	(115,534)
Debt Service				
Principal Retirement	60,106	70,870	(60,106)	(70,870)
Interest and Fiscal Charges	14,481	18,494	(14,481)	(18,494)
Total Expenses	\$1,033,651	\$1,129,891	(\$639,114)	(\$722,492)

The dependence upon property and income tax receipts is apparent as 48.0 percent of governmental activities are supported through these general receipts.

**Elyria Township**  
**Lorain County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

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**The Township's Funds**

Total governmental funds had receipts of \$1,101,568 and disbursements of \$1,033,651. The General Fund and the Road and Bridge Fund had the biggest changes in fund balances. The General Fund ended the year with a decrease in fund balance of \$166,869. Receipts decreased from 2008 and also disbursements increased. The Road and Bridge Fund had an increase in fund balance of \$79,362. This is due to the Township collecting more property taxes and fewer disbursements from this fund.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

For the General Fund, original and final budgeted revenues were both \$522,624, and actual revenue collections were \$385,380. The majority of the decrease in actual revenue over the final budgeted amount is due to intergovernmental revenues. For the General Fund, original and final appropriations were \$800,000 and \$822,067, respectively and actual expenditures were \$552,249. Actual expenditures were \$269,818 under the final appropriations.

**Debt Administration**

At December 31, 2009, the Township had outstanding debt in the amount of \$164,856 which consisted of \$9,696 in an OPWC loan and a \$155,160 loan to purchase land.

See Note 9 in the financial statements for more information of the Township's outstanding debt.

**Current Financial Related Activities**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Township relies heavily on local taxes.

**Contacting the Township's Financial Management**

This financial report is designed to provide a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Elyria Township Fiscal Officer, 41416 Griswold Road, Elyria Township, Ohio 44035.

**Elyria Township**  
**Lorain County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2009*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,128,861
<i>Total Assets</i>	\$1,128,861
 <b>Net Assets</b>	
Restricted for:	
Capital Projects	\$450,452
Fire Protection	315,746
Street Lighting	699
Road and Bridge	354,534
Recycling	81,305
Unrestricted (Deficit)	(73,875)
<i>Total Net Assets</i>	\$1,128,861

See accompanying notes to the basic financial statements



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**Elyria Township**  
**Lorain County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2009*

	<u>General</u>	<u>Road and Bridge</u>	<u>Fire Levy</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	(\$64,617)	\$198,937	\$315,746
<i>Total Assets</i>	<u>(\$64,617)</u>	<u>\$198,937</u>	<u>\$315,746</u>
<b>Fund Balances</b>			
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	(64,617)	0	0
Special Revenue Funds	0	198,937	315,746
Capital Projects Funds	0	0	0
<i>Total Fund Balances</i>	<u>(\$64,617)</u>	<u>\$198,937</u>	<u>\$315,746</u>

See accompanying notes to the basic financial statements

JEDD Miscellaneous Capital	Other Governmental Funds	Total Governmental Funds
\$450,452	\$228,343	\$1,128,861
<u>\$450,452</u>	<u>\$228,343</u>	<u>\$1,128,861</u>
0	0	(64,617)
0	237,601	752,284
450,452	(9,258)	441,194
<u>\$450,452</u>	<u>\$228,343</u>	<u>\$1,128,861</u>

**Elyria Township  
Lorain County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2009*

	General	Road and Bridge	Fire Levy
<b>Receipts</b>			
Property and Other Local Taxes	\$115,656	\$129,950	\$164,874
Income Taxes Levied for the JEDD	0	0	0
Charges for Services	65,095	0	0
Licenses, Permits and Fees	31,221	0	0
Intergovernmental	153,091	150,730	53,327
Special Assessments	0	0	0
Rentals	0	0	0
Interest	1,884	0	0
Other	18,050	0	800
<i>Total Receipts</i>	<u>384,997</u>	<u>280,680</u>	<u>219,001</u>
<b>Disbursements</b>			
Current:			
General Government	313,138	0	157,492
Public Safety	79,993	0	8,858
Public Works	7,286	199,064	0
Health	10,344	0	0
Capital Outlay	1,485	0	2,933
Debt Service:			
Principal Retirement	23,176	2,450	17,240
Interest and Fiscal Charges	4,827	0	4,827
<i>Total Disbursements</i>	<u>440,249</u>	<u>201,514</u>	<u>191,350</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(55,252)</u>	<u>79,166</u>	<u>27,651</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Capital Assets	383	196	0
Transfers In	0	0	30,000
Transfers Out	(112,000)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(111,617)</u>	<u>196</u>	<u>30,000</u>
<i>Net Change in Fund Balances</i>	(166,869)	79,362	57,651
<i>Fund Balances, Beginning of Year</i>	<u>102,252</u>	<u>119,575</u>	<u>258,095</u>
<i>Fund Balances, End of Year</i>	<u><u>(\$64,617)</u></u>	<u><u>\$198,937</u></u>	<u><u>\$315,746</u></u>

See accompanying notes to the basic financial statements

JEDD Miscellaneous Capital	Other Governmental Funds	Total Governmental Funds
\$0	\$21,162	\$431,642
64,927	0	64,927
0	0	65,095
0	0	31,221
0	86,779	443,927
0	7,385	7,385
0	0	0
1,007	51	2,942
0	35,000	53,850
65,934	150,377	1,100,989
0	9,320	479,950
0	0	88,851
0	149,144	355,494
0	0	10,344
18,576	1,431	24,425
17,240	0	60,106
4,827	0	14,481
40,643	159,895	1,033,651
25,291	(9,518)	67,338
0	0	579
0	82,000	112,000
0	0	(112,000)
0	82,000	579
25,291	72,482	67,917
425,161	155,861	1,060,944
\$450,452	\$228,343	\$1,128,861

**Elyria Township  
Lorain County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Receipts</b>				
Property Taxes	\$147,074	\$135,023	\$115,656	(\$19,367)
Charges for Services	65,000	65,000	65,095	95
Licenses, Permits and Fees	31,660	31,660	31,221	(439)
Intergovernmental	230,890	242,941	153,091	(89,850)
Rentals	24,000	24,000	0	(24,000)
Interest	19,000	19,000	1,884	(17,116)
Other	3,000	3,000	18,050	15,050
<i>Total receipts</i>	<u>520,624</u>	<u>520,624</u>	<u>384,997</u>	<u>(135,627)</u>
<b>Disbursements</b>				
Current:				
General Government	386,600	385,554	313,138	72,416
Public Safety	155,000	135,000	79,993	55,007
Public Works	108,000	103,100	7,286	95,814
Health	10,400	10,400	10,344	56
Capital Outlay	40,000	40,000	1,485	38,515
Debt Service:				
Principal Retirement	0	23,176	23,176	0
Interest and Fiscal Charges	0	4,827	4,827	0
<i>Total Disbursements</i>	<u>700,000</u>	<u>702,057</u>	<u>440,249</u>	<u>261,808</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(179,376)</u>	<u>(181,433)</u>	<u>(55,252)</u>	<u>126,181</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	2,000	2,000	383	(1,617)
Transfers Out	(100,000)	(120,010)	(112,000)	8,010
<i>Total Other Financing Sources (Uses)</i>	<u>(98,000)</u>	<u>(118,010)</u>	<u>(111,617)</u>	<u>6,393</u>
<i>Net Change in Fund Balance</i>	<u>(277,376)</u>	<u>(299,443)</u>	<u>(166,869)</u>	<u>132,574</u>
<i>Fund Balance, Beginning of Year</i>	<u>102,252</u>	<u>102,252</u>	<u>102,252</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>(\$175,124)</u>	<u>(\$197,191)</u>	<u>(\$64,617)</u>	<u>\$132,574</u>

See accompanying notes to the basic financial statements

**Elyria Township**  
**Lorain County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Road and Bridge Fund*  
*For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$162,000	\$148,459	\$129,950	(\$18,509)
Intergovernmental	0	125,275	150,730	25,455
Other	3,252	3,252	0	(3,252)
<i>Total receipts</i>	165,252	276,986	280,680	3,694
<b>Disbursements</b>				
Current:				
Public Works	125,000	234,284	199,064	35,220
Debt Service:				
Principal Retirement	0	2,450	2,450	0
<i>Total Disbursements</i>	125,000	236,734	201,514	35,220
<i>Excess of Receipts Over (Under) Disbursements</i>	40,252	40,252	79,166	38,914
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	196	196
<i>Total Other Financing Sources (Uses)</i>	0	0	196	196
<i>Net Change in Fund Balance</i>	40,252	40,252	79,362	39,110
<i>Fund Balance, Beginning of Year</i>	119,575	119,575	119,575	0
<i>Fund Balance, End of Year</i>	\$159,827	\$159,827	\$198,937	\$39,110

See accompanying notes to the basic financial statements

**Elyria Township**  
**Lorain County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Fire Levy Fund*  
*For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$208,000	\$187,689	\$164,874	(\$22,815)
Intergovernmental	84,816	105,127	53,327	(51,800)
Other	500	500	800	300
<i>Total receipts</i>	293,316	293,316	219,001	(74,315)
<b>Disbursements</b>				
Current:				
General Government	212,400	212,400	157,492	54,908
Public Safety	22,600	22,600	8,858	13,742
Capital Outlay	25,000	2,933	2,933	0
Debt Service:				
Principal Retirement	0	17,240	17,240	0
Interest and Fiscal Charges	0	4,827	4,827	0
<i>Total Disbursements</i>	260,000	260,000	191,350	68,650
<i>Excess of Receipts Over (Under) Disbursements</i>	33,316	33,316	27,651	(5,665)
<b>Other Financing Sources (Uses)</b>				
Transfers In	19,500	19,500	30,000	10,500
<i>Net Change in Fund Balance</i>	52,816	52,816	57,651	4,835
<i>Fund Balance, Beginning of Year</i>	258,095	258,095	258,095	0
<i>Fund Balance, End of Year</i>	\$310,911	\$310,911	\$315,746	\$4,835

See accompanying notes to the basic financial statements

**LaGrange Township**  
**Lorain County**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2009*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$566</u>
<i>Total Assets</i>	<u><u>\$566</u></u>
<b>Net Assets</b>	
Held in Trust for Various Deposits	<u>\$566</u>
<i>Total Fund Balances</i>	<u><u>\$566</u></u>

See accompanying notes to the basic financial statements

**Elyria Township**  
**Lorain County, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 1 – Reporting Entity**

Elyria Township, Lorain County, Ohio (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, fire protection, emergency medical services, and maintenance of Township roads and bridges. Police protection is provided by the Lorain County Sheriff.

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

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

The Township participates in two jointly governed organizations, one joint venture and one public entity risk pool. Notes 11, 12 and 13 to the financial statements provide additional information for these entities.

These organizations are:

Joint Venture:

Elyria Township – City of Elyria Joint Economic Development District (JEDD)

Jointly Governed Organizations:

Lorain County General Health District  
Northeast Ohio Areawide Coordinating Agency

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority

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

**Elyria Township**  
**Lorain County, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the Township that are governmental and those that are considered business-type. The Township, however, has no business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

**Fund Financial Statements**

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**Elyria Township**  
**Lorain County, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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

**B. Fund Accounting**

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into two categories, governmental and fiduciary.

**Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are as follows:

***General Fund*** This fund is used to account for all financial resources, except those required to be accounted for 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.

***Road and Bridge Fund*** This fund is used to account for property tax revenue used to provide road and bridge maintenance.

***Fire Levy Fund*** This fund is used to account for property tax revenue used to provide fire protection services.

***JEDD Miscellaneous Capital Fund*** This fund is used to account for municipal income tax monies received from the JEDD with the City of Elyria to pay for long term maintenance expenses.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

**Fiduciary Funds**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township's agency fund accounts for building permits.

**C. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**Elyria Township**  
**Lorain County, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**E. Cash and Investments**

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

During 2009, the Township invested in nonnegotiable certificates of deposit and STAR Ohio. The nonnegotiable certificates of deposit are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2009.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2009 were \$1,884 which includes \$164 assigned from other Township funds.

**Elyria Township**  
**Lorain County, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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

**F. Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Capital Assets**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

**I. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

**J. Long-Term Obligations**

The Township's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

**K. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$1,202,736, none of which are restricted by enabling legislation. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**L. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**M. Interfund Transactions**

Transfers between governmental activities are eliminated on the governmental wide financial statements. Internal events that are allocations of overhead disbursements from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

**Elyria Township**  
**Lorain County, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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

**M. Interfund Transactions** (Continued)

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental fund. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, road and bridge special revenue fund, and fire levy special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There are no differences between the budgetary basis and the cash basis.

**Note 4 – Deposits and Investments**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Township Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure repayment of all public monies deposited with the institution.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**Elyria Township**  
**Lorain County, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 4 – Deposits and Investments (Continued)**

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$764,433 of the Township's bank balance of \$1,169,481 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities specifically pledged by the financial institution to the Township.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Investments**

Investments are reported at fair value. As of December 31, 2009, the Township had \$64,166 invested in STAR Ohio with a maturity of less than one year.

**Elyria Township**  
**Lorain County, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 4 – Deposits and Investments (Continued)**

***Interest Rate Risk.*** The Township has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and that an investment must be purchased with the expectation that it will be held to maturity.

***Credit Risk.*** STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Township has no investment policy that addresses credit risk.

***Concentration of Credit Risk.*** The Township places no limit on the amount it can invest in any one issuer. The Township's allocation as of December 31, 2009 is 100 percent to STAR Ohio.

**Note 5 – Property Taxes**

Property taxes include amounts levied against all real property, public utility and tangible personal property located in the Township. Property tax receipts received in 2009 for real and public utility property taxes represents collections of the 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) is for 2009 taxes.

2009 real property taxes are levied after October 1, 2009 on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2009.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes which became a lien on December 31, 2008, are levied after October 1, 2009, and are collected in 2009 with real property taxes.

Tangible personal property taxes have been phased out for general personal property. The assessment percentage for all property including inventory was reduced to zero for 2009. Tangible personal property tax revenue received during calendar year 2009 (other than public utility property tax) represents the collection of 2009 taxes levied only against local and inter-exchange telephone companies. Tangible personal property taxes received in calendar year 2009 were levied after October 1, 2008 on the value as of December 31, 2008. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

**Elyria Township**  
**Lorain County, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 5 – Property Taxes** (Continued)

The full tax rate for all Township operations for the year ended December 31, 2009, was \$6.78 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2009 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$59,844,490
Commercial/Industrial/Mineral	10,913,250
Public Utility Property	3,969,514
Total Assessed Values	<u>\$74,727,254</u>

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected.

**Note 6 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2009, the Township belonged to the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool. More information for OTARMA can be found in Note 13.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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. The System administers and pays all claims.

**Note 7 – Defined Benefit Pension Plan**

***A. Ohio Public Employees Retirement System***

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

**Elyria Township**  
**Lorain County, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 7 – Defined Benefit Pension Plan (Continued)**

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The Township's contribution rate for 2009 was 14 percent, except for those plan members in law enforcement or public safety, for whom the Township's contribution rate was 17.63 percent of covered payroll. The portion of employer contributions allocated to health care was 7.00% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$14,076, \$12,527, and \$14,188 respectively. The full amount has been contributed for 2009, 2008 and 2007. No contributions were made to the member-directed plan for 2009.

***B. Social Security***

Effective August 3, 1992, any part-time Township firefighters are no longer covered by OPERS and must contribute to social security. The Township liability is 6.2 percent of wages paid.

**Note 8 - Postemployment Benefits**

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

**Elyria Township**  
**Lorain County, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

**Note 8 - Postemployment Benefits** (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14.0 percent of covered payroll (17.63 percent for public safety and law enforcement). Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 7.0 percent from January to March and 5.5 percent from April to December of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2009, 2008, and 2007 were \$10,295, \$12,527, and \$9,345 respectively; 100 percent has been contributed for 2009, 2008 and 2007.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2008. Member and employer contribution rates increased as of January 1, 2006, January 1, 2008, and January 1, 2009, which allowed additional funds to be allocated to the healthcare plan.

**Note 9 – Debt**

Original issue amounts and interest rates of the Township's debt were as follows:

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Year of Maturity</u>
<i>Governmental Activities:</i>			
<i>Loan:</i>			
Land Purchase – 2008	7.00%	\$258,600	2012
<i>OPWC Loans:</i>			
Murray Ridge Road - 2000	0.00	48,998	2010
Murray Ridge Road - 2009	0.00	8,283	2017

The Township's long-term debt activity for the year ended December 31, 2009, was as follows:

	<u>Balance 12/31/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2009</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Land Purchase Loan	\$206,880	\$0	(\$51,720)	\$155,160	\$51,720
OPWC Loan – 2000	9,799	0	(7,350)	2,449	2,449
OPWC Loan – 2009	0	8,283	(1,036)	7,247	1,036
Total	<u>\$216,679</u>	<u>\$8,283</u>	<u>(\$60,106)</u>	<u>\$164,856</u>	<u>\$55,205</u>

The land purchase loan is supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. Payments are made out of the General fund, Fire Levy fund and JEDD Miscellaneous Capital fund for the land purchase loan.

The OPWC loans were for resurfacing Murray Ridge Road. The OPWC loans are paid from the General fund and Road and Bridge fund.

**Elyria Township**  
**Lorain County, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

**Note 9 – Debt** (Continued)

The following is a summary of the Township's future annual debt service requirements:

	OPWC Loans	Land Purchase Loan	
	Principal	Principal	Interest
2010	\$3,485	\$51,720	\$10,861
2011	1,036	51,720	7,242
2012	1,036	51,720	3,620
2013	1,036	0	0
2014	1,036	0	0
2015 - 2016	2,067	0	0
Total	<u>\$9,696</u>	<u>\$155,160</u>	<u>\$21,723</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2009, were an overall debt margin of \$7,516,640 and an unvoted debt margin of \$3,780,277.

**Note 10 – Contingent Liabilities**

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Township's financial condition.

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

**Note 11 – Jointly Governed Organizations**

**A. Lorain County General Health District**

The Township participates in the Lorain County General Health District, a jointly governed organization, which provides health services to the citizens within the Health District. The Health District is governed by the Board of Health, which represents the area served by the Health District and oversees the operation of the Health District. The Board of Health members are appointed to staggered five year terms. One member is appointed by the City of North Ridgeville, one member is jointly appointed by the cities of Avon and Sheffield Lake and one member is jointly appointed by the cities of Amherst and Oberlin. The remaining five members are appointed by the various mayors of villages, chairmen of township trustees and the County Commissioners. The Township contributed \$10,344 during 2009 for the operation of the Health District. Financial information can be obtained by contacting the Lorain County General Health District, 9880 Murray Ridge Road, Elyria, Ohio, 44035.

**Elyria Township**  
**Lorain County, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 11 – Jointly Governed Organizations** (Continued)

***B. Northeast Ohio Areawide Coordinating Agency***

The Northeast Ohio Areawide Coordinating Agency (NOACA) was created by the County Commissioners of Cuyahoga, Geauga, Lake, Lorain and Medina counties and is responsible for transportation and environmental planning in the five 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 management. Each participant's degree of control is limited to its representation on the board. During 2009, the Township contributed \$76 to the agency.

**Note 12 – Joint Ventures**

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.

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. In 2009, the JEDD had total distributions of \$652,025 of which \$130,405 went to 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 13 – Public Entity Risk Pool**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Elyria Township**  
**Lorain County, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

**Note 13 – Public Entity Risk Pool** (Continued)

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$19,292.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**Contributions to OTARMA**

2008	\$21,875
2009	18,030

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Elyria Township**  
**Lorain County, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 14 – Compliance**

The Motor Vehicle License Tax fund and the Public Works Commission fund had negative cash fund balances of \$64,617 and \$9,258, respectively, indicating that revenue from other sources were used to pay obligations of these funds, contrary to Ohio Revised Code Section 5705.10.

Contrary to Ohio Revised Code Section 5705.39, the general fund and Motor Vehicle License Tax Fund had appropriations exceeding estimated resources both during the year and at year end.

**Note 15 – Transfers**

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to provide additional resources for current operations or debt service; and to segregate money for anticipated capital projects.

During 2009 the following transfers were made:

<u>Transfer To</u>	<u>Transfer From General Fund</u>
Major Fund:	
Fire Levy	\$30,000
Nonmajor Funds	82,000
	<hr/>
Total	\$112,000

The general fund transfers were to the fire levy, motor vehicle license tax, and street lighting special revenue funds to cover expenses.



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' 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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Elyria Township, Lorain County, Ohio (the Township) as of and for the year ended December 31, 2009, which collectively comprise the Government's basic financial statements and have issued our report thereon dated November 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-01 and 2009-02.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated November 18, 2010.

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

We intend this report solely for the information and use of management, the Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

November 18, 2010

ELYRIA TOWNSHIP  
LORAIN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2009

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

FINDING NUMBER 2009-01

Noncompliance

Negative Fund Balances

Ohio Revised Code Section 5705.10(H) states that money paid into any fund shall be used only for the purposes for which such fund is established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund, or in the case of the General Fund, that appropriations and budgetary expenditures exceeded estimated resources and actual receipts.

At December 31, 2009, the Township experienced a negative cash fund balance in the General Fund of \$64,617 and in the Public Works Commission Fund of \$9,258.

We recommend the Township compare estimated receipts and appropriations with actual receipts and expenditures on a monthly basis during the year to ensure the Township is not spending more than is appropriated or actually available for expenditure.

FINDING NUMBER 2009-02

Noncompliance

Appropriations Exceeding Estimated Resources

Ohio Revised Code Section 5705.39 provides, in part, that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The Township's legal level of control is at the fund level.

The following funds had appropriations exceeding original estimated resources at the beginning of fiscal year 2009:

Fund Name	Appropriations	Estimated Resources	Variance
General Fund	\$800,000	\$624,876	(\$175,124)
Motor Vehicle License Tax Fund	25,000	(36,527)	(61,527)

The following funds had appropriations exceeding estimated resources at the legal level of budgetary control on December 31, 2009:

Fund Name	Appropriations	Estimated Resources	Variance
General Fund	\$822,067	\$624,876	(\$197,191)
Motor Vehicle License Tax Fund	25,000	(36,527)	(61,527)

**ELYRIA TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009  
(Continued)**

**FINDING NUMBER 2009-02 (Continued)**

**Noncompliance**

**Appropriations Exceeding Estimated Resources (Continued)**

This weakness could allow expenditures in the above funds to exceed the total of the available fund balance and the current year revenues. This would then result in negative cash fund balances.

We recommend the Township compare appropriations to estimated resources at the legal level of budgetary control, in all funds which are legally required to be budgeted, to ensure compliance with this requirement. This comparison should be performed on a monthly basis, at minimum.

**Official Response to Findings:**

The Township considers the findings a positive way to improve performance of fiscal operations and to show continued improvement where and when possible.

**ELYRIA TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Approval of Transfers – Ohio Rev. Code Sections 5705.14, 5705.15 and 5705.16	No	Finding moved to Management Letter
2008-002	Allocation of Interest – Ohio Rev. Code Section 117.28	No	Finding moved to Management Letter
2008-003	Negative Fund Balances – Ohio Rev. Code Section 5705.10(H)	No	Repeated as Finding 2009-01
2008-004	Appropriations Exceeding Estimated Resources – Ohio Rev. Code Section 5705.39	No	Repeated as Finding 2009-02
2008-005	Legal Level of Budgetary Control – Ohio Rev. Code Section 5705.38(C)	No	Finding moved to Management Letter
2008-006	Blanket Fiscal Officer Certificates – Ohio Rev. Code Section 5705.41(D)	No	Finding moved to Management Letter
2008-007	Proper Encumbrance of Funds – Ohio Rev. Code 5705.41(D)	No	Finding moved to Management Letter
2008-008	Investment Training Certificate – Ohio Rev. Code Section 135.22	No	Finding moved to Management Letter
2008-009	Retention of Public Records – Ohio Rev. Code Section 149.351(A)	Yes	
2008-010	Disaster Recovery and Computer Back-Up Procedures	No	Finding moved to Management Letter
2008-011	Uniform Accounting Network Budgetary Procedures	No	Finding moved to Management Letter
2008-012	Employee Personnel File Documentation	No	Finding moved to Management Letter
2008-013	Monitoring of Expenditures	No	Finding moved to Management Letter
2008-014	Audit Committee	No	Finding moved to Management Letter





**Mary Taylor, CPA**  
Auditor of State

**ELYRIA TOWNSHIP**

**LORAIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 11, 2011**