



OHIO AUDITOR OF STATE  
**KEITH FABER**





**HENRIETTA TOWNSHIP  
LORAIN COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

Henrietta Township  
Lorain County  
12050 Vermilion Road  
Amherst, Ohio 44001

To the Board of Trustees:

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

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

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

***Opinion on Regulatory Basis of Accounting***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 16, 2020

**HENRIETTA TOWNSHIP  
LORAIN COUNTY**

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$132,945	\$182,936	\$0	\$0	\$315,881
Licenses, Permits and Fees	3,700				3,700
Intergovernmental	62,689	151,271		64,340	278,300
Earnings on Investments	16,157	472			16,629
Miscellaneous	5,926				5,926
<i>Total Cash Receipts</i>	<u>221,417</u>	<u>334,679</u>	<u>0</u>	<u>64,340</u>	<u>620,436</u>
<b>Cash Disbursements</b>					
Current:					
General Government	91,819				91,819
Public Safety		42,385			42,385
Public Works	390	212,051			212,441
Health	15,364				15,364
Human Services	53,154	1,114			54,268
Other		15,064			15,064
Capital Outlay		83,741		69,138	152,879
Debt Service:					
Principal Retirement		43,417			43,417
Interest and Fiscal Charges		1,661			1,661
<i>Total Cash Disbursements</i>	<u>160,727</u>	<u>399,433</u>	<u>0</u>	<u>69,138</u>	<u>629,298</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>60,690</u>	<u>(64,754)</u>	<u>0</u>	<u>(4,798)</u>	<u>(8,862)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds				4,798	4,798
Transfers In		2,582			2,582
Transfers Out	(2,582)				(2,582)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,582)</u>	<u>2,582</u>	<u>0</u>	<u>4,798</u>	<u>4,798</u>
<i>Net Change in Fund Cash Balances</i>	58,108	(62,172)	0	0	(4,064)
<i>Fund Cash Balances, January 1</i>	<u>204,350</u>	<u>593,955</u>	<u>372</u>	<u>0</u>	<u>798,677</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		531,783	372		532,155
Assigned	11,958				11,958
Unassigned (Deficit)	250,500				250,500
<i>Fund Cash Balances, December 31</i>	<u>\$262,458</u>	<u>\$531,783</u>	<u>\$372</u>	<u>\$0</u>	<u>\$794,613</u>

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

**HENRIETTA TOWNSHIP  
LORAIN COUNTY**

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

	Fiduciary Fund Type
	Custodial
<b>Operating Cash Receipts</b>	
Miscellaneous	\$0
<i>Total Operating Cash Receipts</i>	0
<b>Operating Cash Disbursements</b>	
Purchased Services	2,000
<i>Total Operating Cash Disbursements</i>	2,000
<i>Operating Loss</i>	(2,000)
<i>Fund Cash Balances, January 1</i>	2,000
<i>Fund Cash Balances, December 31</i>	\$0

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



**Henrietta Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Henrietta Township, Lorain County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with Florence Township, Camden Township and the Village of South Amherst to provide fire services and Central Lorain County Joint Ambulance District to provide ambulance services.

***Jointly Governed Organizations and Public Entity Risk Pools***

The Township participates in jointly governed organizations and a public entity risk pool. Notes 6 and 11 to the financial statements provide additional information for these entities. The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

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

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Henrietta Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

**Issue II Funds** The Township received a grant from the state (OPWC) for capital improvements. These proceeds are restricted for capital improvements.

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

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's custodial fund accounts for refundable deposits for zoning permits.

***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 (except certain custodial funds).

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and 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 canceled, and re-appropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

**Henrietta Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Deposits and Investments***

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

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

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

***Nonspendable*** The Township classifies assets as *non-spendable* 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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

***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.

**Henrietta Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

**Note 3 – Budgetary Activity**

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$203,314	\$221,417	\$18,103
Special Revenue	327,543	337,261	9,718
Capital Projects	69,138	69,138	0
Total	\$599,995	\$627,816	\$27,821

2019 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$197,908	\$163,309	\$34,599
Special Revenue	431,223	399,433	31,790
Capital Projects	69,138	69,138	0
Total	\$698,269	\$631,880	\$66,389

**Henrietta Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 4 – Deposits and Investments**

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

	2019
Demand deposits	<u>\$372,033</u>
Total deposits	<u>372,033</u>
STAR Ohio	<u>422,580</u>
Total investments	<u>422,580</u>
Total deposits and investments	<u><u>\$794,613</u></u>

***Deposits***

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

***Investments***

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

**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.

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

**Henrietta Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 6 – Risk Management**

***Workers' Compensation***

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

***Risk Pool Membership***

The Township 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	\$35,207,320
Actuarial liabilities	\$ 10,519,942

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

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

**Henrietta Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**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 Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 9 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
Freightliner Snow Plow Lease	\$29,693	2.8%
Total	<u>\$29,693</u>	

During 2018, the Ohio Public Works Commission issued an 8 year loan of \$9,745 to finance a roadway drainage improvement project. Payment of the loan commenced in 2019. In 2019, the Ohio Public Works Commission also issued a 1-year loan of \$4,798 to finance a road improvement project. The Ohio Public Works Commission issues interest free loans. The Township paid both loans in full, from the Special Revenue Funds during 2019.

***Leases***

In 2016, the Township leased a snow plow under a noncancelable lease through U.S Bank. The Township disbursed \$30,535 from the Special Revenue Funds to pay its lease costs for the year ended December 31, 2019.

***Amortization***

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

Year Ending December 31:	<u>Lease</u>
2020	\$30,535
Total	<u>\$30,535</u>

**Henrietta Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 10 – Contingent Liabilities**

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

**Note 11 – Jointly Governed Organizations**

**Rural Lorain County Water Authority (RLCWA).** RLCWA is a regional water district and political subdivision of the State of Ohio created by order of the Lorain County Common Pleas Court, RLCWA was incorporated in the State of Ohio on August 23, 1973 as a public use to users within, and without, the district. RLCWA is exempt from federal income tax. The RLCWA operates under a Board of Trustees which consists of as many members as equals the total number of villages, and townships, within the regional water district.

**Central Lorain County Joint Ambulance District (CLCJAD).** CLCJAD is an ambulance district organized pursuant to Ohio Revised Code Section 505.71 and is directed by an appointed six-member Board of trustees representing the Village of Kipton, the City of Oberlin, the Townships of Pittsfield, Henrietta, New Russia and Camden. The CLCAA provides emergency medical services to the residents within the District which includes Henrietta Township.



**HENRIETTA TOWNSHIP  
LORAIN COUNTY**

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

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$123,605	\$175,205	\$0	\$0	\$0	\$298,810
Licenses, Permits and Fees	3,870					3,870
Intergovernmental	55,187	122,287		71,461		248,935
Earnings on Investments	8,929	3,907				12,836
Miscellaneous	9,921					9,921
<i>Total Cash Receipts</i>	<u>201,512</u>	<u>301,399</u>	<u>0</u>	<u>71,461</u>	<u>0</u>	<u>574,372</u>
<b>Cash Disbursements</b>						
Current:						
General Government	94,189					94,189
Public Safety		43,338				43,338
Public Works	931	178,958				179,889
Health	12,675				788	13,463
Human Services	40,293	1,114				41,407
Capital Outlay	216	2,500		81,206		83,922
Debt Service:						
Principal Retirement	14,039	20,620				34,659
Interest and Fiscal Charges	1,229	1,229				2,458
<i>Total Cash Disbursements</i>	<u>163,572</u>	<u>247,759</u>	<u>0</u>	<u>81,206</u>	<u>788</u>	<u>493,325</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>37,940</u>	<u>53,640</u>	<u>0</u>	<u>(9,745)</u>	<u>(788)</u>	<u>81,047</u>
<b>Other Financing Receipts (Disbursements)</b>						
Other Debt Proceeds				9,745		9,745
Transfers In		2,938				2,938
Transfers Out	(2,938)					(2,938)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,938)</u>	<u>2,938</u>	<u>0</u>	<u>9,745</u>	<u>0</u>	<u>9,745</u>
<i>Net Change in Fund Cash Balances</i>	35,002	56,578	0	0	(788)	90,792
<i>Fund Cash Balances, January 1</i>	<u>169,348</u>	<u>537,377</u>	<u>372</u>	<u>0</u>	<u>788</u>	<u>707,885</u>
<b>Fund Cash Balances, December 31</b>						
Restricted		593,955	372			594,327
Unassigned (Deficit)	204,350					204,350
<i>Fund Cash Balances, December 31</i>	<u>\$204,350</u>	<u>\$593,955</u>	<u>\$372</u>	<u>\$0</u>	<u>\$0</u>	<u>\$798,677</u>

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

HENRIETTA TOWNSHIP  
LORAIN COUNTY

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

	Fiduciary Fund Type Agency
<b>Operating Cash Receipts</b>	
Miscellaneous	\$2,000
<i>Total Operating Cash Receipts</i>	<u>2,000</u>
<b>Operating Cash Disbursements</b>	
Purchased Services	
<i>Total Operating Cash Disbursements</i>	<u>0</u>
<i>Operating Income</i>	<u>2,000</u>
<i>Fund Cash Balances, January 1</i>	<u>0</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,000</u></u>

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

**Henrietta Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Henrietta Township, Lorain County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with Florence Township, Camden Township and the Village of South Amherst to provide fire services and Central Lorain County Joint Ambulance District to provide ambulance services.

***Jointly Governed Organizations and Public Entity Risk Pools***

The Township participates in jointly governed organizations and a public entity risk pool. Notes 6 and 11 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

**Henrietta Township**  
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**Issue II Funds** The Township received a grant from the state (OPWC) for capital improvements. These proceeds are restricted for capital improvements.

**Permanent Funds** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following permanent fund:

**Cemetery Endowment Fund** – This fund is established to receive interest earned on the nonexpendable corpus from an agreement and the earnings are offset by expenses. This account closed by year end.

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

Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's agency fund accounts for security bonds of \$500 for all buildings of \$30,000 or more to cover any road damage or clean up required. These funds are placed in this fund until building is complete and site is inspected when they are then returned to the building owner or the contractor. If there is damage the bond is kept and transferred to the General Fund.

***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 (except certain agency funds).

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and 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 canceled, and re-appropriated in the subsequent year.

**Henrietta Township**  
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A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

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

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

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

***Nonspendable*** The Township classifies assets as *non-spendable* 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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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

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

**Note 3 – Budgetary Activity**

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$185,243	\$201,512	\$16,269
Special Revenue	288,060	304,337	16,277
Capital Projects	81,206	81,206	0
Permanent	1	0	(1)
Total	\$554,510	\$587,055	\$32,545

2018 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$211,011	\$166,510	\$44,501
Special Revenue	276,858	247,759	29,099
Capital Projects	81,206	81,206	0
Permanent	789	788	1
Total	\$569,864	\$496,263	\$73,601

**Henrietta Township**  
*Lorain County*  
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*For the Year Ended December 31, 2018*

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**Note 4 – Deposits and Investments**

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

	2018
Demand deposits	<u>\$382,777</u>
Total deposits	<u>382,777</u>
STAR Ohio	<u>417,900</u>
Total investments	<u>417,900</u>
Total deposits and investments	<u><u>\$800,677</u></u>

***Deposits***

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

***Investments***

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

**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.

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

**Henrietta Township**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 6 – Risk Management**

***Workers' Compensation***

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

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

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



**Henrietta Township**  
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**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 Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

**Note 9 – Debt**

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

	Principal	Interest Rate
Freightliner Snow Plow Lease	\$58,567	2.8%
Ohio Public Works Commission Loan	\$9,745	
Total	\$68,312	

During 2017, the Ohio Public Works Commission issued an 8 year loan of \$7,521 to finance a road reconstruction project. The Ohio Public Works Commission issues interest free loans. The Township paid the balance of the loan of \$6,582 from the Special Revenue Funds, during 2018.

In 2018, the Ohio Public Works Commission issued an 8 year loan of \$9,745 to finance a roadway drainage improvement project. The Township will commence payment on the loan in 2019.

***Leases***

In 2016, the Township leased a snow plow under a noncancelable lease through U.S. Bank. The Township disbursed \$30,535 from the General Fund and the Special Revenue Funds to pay its lease costs for the year ended December 31, 2018.

**Henrietta Township**  
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***Amortization***

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

Year Ending December 31:	Lease	Ohio Public Works Commission
2019	\$30,535	\$609
2020	30,535	1,218
2021		1,218
2022		1,218
2023		1,218
2024-2029		4,264
Total	\$61,070	\$9,745

**Note 10- Contingent Liabilities**

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

**Note 11- Jointly Governed Organizations**

**Rural Lorain County Water Authority (RLCWA).** RLCWA is a regional water district and political subdivision of the State of Ohio created by order of the Lorain County Common Pleas Court. RLCWA was incorporated in the State of Ohio on August 23, 1973 as a public use to users within, and without, the district. RLCWA is exempt from federal income tax. The RLCWA operates under a Board of Trustees which consists of as many members as equals the total number of villages, and townships, within the regional water district.

**Central Lorain County Joint Ambulance District (CLCJAD).** CLCJAD is an ambulance district organized pursuant to Ohio Revised Code Section 505.71 and is directed by an appointed six-member Board of trustees representing the Village of Kipton, the City of Oberlin, the Townships of Pittsfield, Henrietta, New Russia and Camden. The CLCAA provides emergency medical services to the residents within the District which includes Henrietta Township.

# OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12<sup>th</sup> Floor  
615 Superior Avenue, NW  
Cleveland, Ohio 44113-1801  
(216) 787-3665 or (800) 626-2297  
NortheastRegion@ohioauditor.gov

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

Henrietta Township  
Lorain County  
12050 Vermilion Road  
Amherst, Ohio 44001

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Henrietta Township, Lorain County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated December 16, 2020, 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.

### ***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. 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*.

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio


December 16, 2020

# HENRIETTA TOWNSHIP

Lorain County, Ohio

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

Finding Number	Finding Summary	Status	Additional Information
2017-001	The Township did not provide an original trust agreement to confirm the Kellogg Trust Fund as either a Permanent Fund (benefit to the Township) or Private Purpose Trust Fund (benefit to other organizations, governments, or individuals). As a result, it could not be determined if the financial statements were accurately stated.	Finding no Longer Valid	None
2017-002	The Township's reporting for the sale of a Township Plow and Tractor were classified as Miscellaneous Revenue. However, the classification should have been posted as the Sale of Fixed Assets under the Other Financing Sources classification.	Corrective Action Taken and Finding is Fully Corrected	None



Joseph Siekeres  
Fiscal Officer  
April 29, 2020

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# OHIO AUDITOR OF STATE KEITH FABER



**HENRIETTA TOWNSHIP**

**LORAIN COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 12/31/2020**

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)