



OHIO AUDITOR OF STATE
KEITH FABER



**LAGRANGE TOWNSHIP
LORAIN COUNTY
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DECEMBER 31, 2019 AND 2018**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

LaGrange Township
Lorain County
353 South Center Street
LaGrange, Ohio 44050

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 LaGrange Township, Lorain County, Ohio (the Township) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the LaGrange 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 February 19, 2021, 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

February 19, 2021

LaGrange Township
Lorain County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$167,505	\$531,904	\$0	\$699,409
Charges for Services	0	162,182	0	162,182
Licenses, Permits and Fees	14,021	23,450	0	37,471
Intergovernmental	137,352	221,847	0	359,199
Earnings on Investments	955	864	0	1,819
Miscellaneous	31,349	30,506	0	61,855
<i>Total Cash Receipts</i>	<u>351,182</u>	<u>970,753</u>	<u>0</u>	<u>1,321,935</u>
Cash Disbursements				
Current:				
General Government	329,505	0	0	329,505
Public Safety	0	503,807	0	503,807
Public Works	3,963	338,974	0	342,937
Health	0	40,230	0	40,230
Conservation-Recreation	0	35,000	0	35,000
Capital Outlay	0	151,910	50,407	202,317
Debt Service:				
Principal Retirement	0	3,268	0	3,268
<i>Total Cash Disbursements</i>	<u>333,468</u>	<u>1,073,189</u>	<u>50,407</u>	<u>1,457,064</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>17,714</u>	<u>(102,436)</u>	<u>(50,407)</u>	<u>(135,129)</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	0	9,450	0	9,450
Transfers In	0	33,000	75,000	108,000
Transfers Out	(33,000)	(75,000)	0	(108,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(33,000)</u>	<u>(32,550)</u>	<u>75,000</u>	<u>9,450</u>
<i>Net Change in Fund Cash Balances</i>	(15,286)	(134,986)	24,593	(125,679)
<i>Fund Cash Balances, January 1</i>	<u>188,274</u>	<u>1,022,158</u>	<u>99,933</u>	<u>1,310,365</u>
Fund Cash Balances, December 31				
Restricted	0	887,172	124,526	1,011,698
Unassigned (Deficit)	172,988	0	0	172,988
<i>Fund Cash Balances, December 31</i>	<u>\$172,988</u>	<u>\$887,172</u>	<u>\$124,526</u>	<u>\$1,184,686</u>

See accompanying notes to the basic financial statements

LaGrange Township

Lorain County, Ohio

Statement of Receipts, Disbursements

and Changes in Fund Balance (Regulatory Cash Basis)

Fiduciary Fund Type

For the Year Ended December 31, 2019

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Total Receipts	<u>\$0</u>
Total Cash Disbursements	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	0
<i>Fund Cash Balances, January 1</i>	<u>17,107</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$17,107</u></u>

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the LaGrange 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Lorain County Sheriff to provide police protection services.

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

The Township participates in jointly governed organizations, joint ventures and a public entity risk pool. Notes 6, 10 and 11 to the financial statements provides 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 balance (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.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Roads and Bridges Fund The road and bridges fund accounts for and reports funds received for the construction, maintenance, and repairing of Township roads and bridges.

Fire and EMS Levy Fund The fire and ems levy fund accounts for and reports funds received for the operation of the fire and emergency medical services.

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

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

Fire and EMS Equipment Fund The fire and EMS equipment fund accounts for capital equipment purchased for the fire and emergency medical services department.

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 hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other governments. The Township's agency funds account for a three percent Board of Building Standards Fees collected on behalf of the state and the collection of fire hydrant monies from new subdivision to be paid to on behalf.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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. Unencumbered appropriations lapse at year-end.

Estimated Resources - Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

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

A summary of 2019 budgetary activity appears in Note 3.

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

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.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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.

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.

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

Note 3 – Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$339,574	\$351,182	\$11,608
Special Revenue	1,092,244	1,013,203	(79,041)
Capital Projects	50,000	75,000	25,000
Total	\$1,481,818	\$1,439,385	(\$42,433)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$474,700	\$333,468	\$141,232
Special Revenue	1,524,300	1,148,189	376,111
Capital Projects	125,000	50,407	74,593
Total	\$2,124,000	\$1,532,064	\$591,936

Note 4 – Deposits and Investments

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

	2019
Demand deposits	\$87,792
Other time deposits (savings and NOW accounts)	1,114,001
Total deposits	1,201,793

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township; or collateralized through the Ohio Pooled Collateral System (OPCS).

The Township's deposits are collateralized by the financial institution's public entity deposit pool. The financial institution is in the process of joining OPCS; however, at December 31, 2019, the financial institution still maintained its own collateral pool.

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

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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 6 – Risk Management

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

The Township's 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.

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

Social Security

Township Firefighters exempt from OPERS as well as members of the Zoning Board and Board of Zoning Appeal members that are paid annually contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and 1.0 percent during calendar year 2019.

Note 9 – Debt

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

	Principal	Interest Rate
OPWC Loan- Whitney Road Widening	\$23,528	0%
OPWC Loan- Wheeler Road Resurfacing	9,500	0%
Total	\$33,028	

The Township received a loan in from Ohio Public Works for the widening of Whitney Road.

Amortization

Amortization of the above debt, is scheduled as follows:

Year Ending December 31:	OPWC
2020	\$3,768
2021	3,768
2022	3,768
2023	3,768
2024	3,768
2025-2029	14,188
Total	\$33,028

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

Note 10 – Joint Ventures

LaGrange Community Improvement Corporation - LaGrange Township and the Village of LaGrange formed the LaGrange Community Improvement Corporation in March 2005 to develop and implement a plan for the subdivision, sale, lease, of real estate jointly owned by the Village and Township.

LaGrange Community Park - LaGrange Township and the Village of LaGrange formed a joint park and recreation board pursuant to Ohio Revised Code Section 755.14(B) which is a joint venture. The LaGrange Community Park is governed by five members who are residents of either the Village or the Township. A Chairperson is appointed to a term of one year on an alternating basis by the Township and the Village. The other Board members are appointed by the Township and Village proportionately. The Board exercises all powers to equip, operate, and maintain parks, playgrounds, playfields, gymnasiums, public baths, swimming pools, and recreation centers. The Township appointed a voting majority of the members in fiscal year 2003 and may resolve the Board at any time, upon one year written notice to the Village. Financial information may be obtained by contacting Debbie Zarbaugh, Clerk-Treasurer, at 355 South Center Street, LaGrange, Ohio 44050.

Note 11 – Jointly Governed Organizations

Lorain County Rural Water Authority - The Rural Lorain County Water Authority, a regional water district, is a political subdivision of the State of Ohio created by the Lorain County Common Pleas Court. The Authority was declared by the Court, on August 23, 1973, to be a duly organized regional water district, a political subdivision of the State of Ohio organized under Chapter 6119 of the Ohio Revised Code. The Authority operates under a Board of Trustees, which consists of as many members as equal to the total number of villages and townships within this regional water district.

Northeast Ohio Public Energy Council (NOPEC) - The Northeast Ohio Public Energy Council (NOPEC) is a regional council of governments organized pursuant to Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of energy. NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to service on the eleven – member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. Financial information should be directed to NOPEC, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

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LaGrange Township
 Lorain County, Ohio
 Combined Statement of Receipts, Disbursements
 and Changes in Fund Balances (Regulatory Cash Basis)
 All Governmental Fund Types
 For the Year Ended December 31, 2018

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$145,467	\$490,080	\$0	\$635,547
Charges for Services	0	97,638	0	97,638
Licenses, Permits and Fees	18,264	33,050	0	51,314
Intergovernmental	70,120	202,684	59,500	332,304
Earnings on Investments	1,052	722	0	1,774
Miscellaneous	18,864	66,528	0	85,392
<i>Total Cash Receipts</i>	<u>253,767</u>	<u>890,702</u>	<u>59,500</u>	<u>1,203,969</u>
Cash Disbursements				
Current:				
General Government	260,252	0	0	260,252
Public Safety	0	401,278	0	401,278
Public Works	4,524	306,891	0	311,415
Health	0	18,789	0	18,789
Conservation-Recreation	0	35,000	0	35,000
Capital Outlay	0	1,250	59,500	60,750
Debt Service:				
Principal Retirement	0	2,768	0	2,768
<i>Total Cash Disbursements</i>	<u>264,776</u>	<u>765,976</u>	<u>59,500</u>	<u>1,090,252</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(11,009)</u>	<u>124,726</u>	<u>0</u>	<u>113,717</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	0	41,966		
Transfers In	0	35,000		35,000
Transfers Out	(35,000)		0	(35,000)
Advances In	5,056	5,056	0	10,112
Advances Out	(5,056)	(5,056)	0	(10,112)
Other Financing Sources	620	0	0	620
Other Financing Uses	(153)	0	0	(153)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(34,533)</u>	<u>76,966</u>	<u>0</u>	<u>467</u>
<i>Net Change in Fund Cash Balances</i>	<u>(45,542)</u>	<u>201,692</u>	<u>0</u>	<u>156,150</u>
<i>Fund Cash Balances, January 1</i>	<u>233,816</u>	<u>820,466</u>	<u>99,933</u>	<u>1,154,215</u>
Fund Cash Balances, December 31				
Restricted	0	1,022,158	99,933	1,122,091
Unassigned (Deficit)	188,274	0	0	188,274
<i>Fund Cash Balances, December 31</i>	<u>\$188,274</u>	<u>\$1,022,158</u>	<u>\$99,933</u>	<u>\$1,310,365</u>

See accompanying notes to the basic financial statements

LaGrange Township
Lorain County, Ohio
Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2018

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Operating Cash Receipts	
Licenses, Permits and Fees	<u>\$80</u>
<i>Total Operating Cash Receipts</i>	<u>80</u>
Operating Cash Disbursements	
Employee Fringe Benefits	
Purchased Services	<u>73</u>
<i>Total Operating Cash Disbursements</i>	<u>73</u>
<i>Operating Income (Loss)</i>	<u>7</u>
<i>Net Change in Fund Cash Balances</i>	7
<i>Fund Cash Balances, January 1</i>	<u>17,100</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$17,107</u></u>
<i>See accompanying notes to the basic financial statements</i>	

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

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the LaGrange 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Lorain County Sheriff to provide police protection services.

Joint Ventures, Jointly Governed Organizations and, Public Entity Risk Pool

The Township participates in jointly governed organizations, joint ventures and a public entity risk pool. Notes 6, 10 and 11 to the financial statements provides 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 balance (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.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

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Fire and EMS Levy Fund The fire and ems levy fund accounts for and reports funds received for the operation of the fire and emergency medical services.

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

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

Fire and EMS Equipment Fund The fire and EMS equipment fund accounts for capital equipment purchased for the fire and emergency medical services department.

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 hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other governments. The Township's agency funds account for a three percent Board of Building Standards Fees collected on behalf of the state and the collection of fire hydrant monies from new subdivision to be paid to on behalf.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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. Unencumbered appropriations lapse at year-end.

Estimated Resources - Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

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

A summary of 2018 budgetary activity appears in Note 3.

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

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.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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.

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.

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

Note 3 – Budgetary Activity

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$272,530	\$254,387	(\$18,143)
Special Revenue	1,136,863	967,688	(169,175)
Capital Projects	50,000	59,500	9,500
Total	\$1,459,393	\$1,281,575	(\$177,818)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$454,700	\$299,929	\$154,771
Special Revenue	1,478,632	771,318	707,314
Capital Projects	125,000	59,500	65,500
Total	\$2,058,332	\$1,130,747	\$927,585

Note 4 – Deposits and Investments

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

	2018
Demand deposits	\$115,275
Other time deposits (savings and NOW accounts)	1,212,197
Total deposits	1,327,472

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township; or collateralized through the Ohio Pooled Collateral System (OPCS).

The Township's deposits are collateralized by the financial institution's public entity deposit pool. The financial institution is in the process of joining OPCS; however, at December 31, 2018, the financial institution still maintained its own collateral pool.

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

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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 6 – Risk Management

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

The Township's 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.

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

Social Security

Township Firefighters exempt from OPERS as well as members of the Zoning Board and Board of Zoning Appeal members that are paid annually contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2017, and 1.0 percent during calendar year 2018.

Note 9 – Debt

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

	Principal	Interest Rate
OPWC Loan- Whitney Road Widening	\$26,296	0%
Total	\$26,296	

The Township received a loan in from Ohio Public Works for the widening of Whitney Road.

Amortization

Amortization of the above debt, is scheduled as follows:

Year Ending December 31:	OPWC
2019	\$2,768
2020	2,768
2021	2,768
2022	2,768
2023	2,768
2024-2028	12,456
Total	\$26,296

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

Note 10 – Joint Ventures

LaGrange Community Improvement Corporation - LaGrange Township and the Village of LaGrange formed the LaGrange Community Improvement Corporation in March 2005 to develop and implement a plan for the subdivision, sale, lease, of real estate jointly owned by the Village and Township.

LaGrange Community Park - LaGrange Township and the Village of LaGrange formed a joint park and recreation board pursuant to Ohio Revised Code Section 755.14(B) which is a joint venture. The LaGrange Community Park is governed by five members who are residents of either the Village or the Township. A Chairperson is appointed to a term of one year on an alternating basis by the Township and the Village. The other Board members are appointed by the Township and Village proportionately. The Board exercises all powers to equip, operate, and maintain parks, playgrounds, playfields, gymnasiums, public baths, swimming pools, and recreation centers. The Township appointed a voting majority of the members in fiscal year 2003 and may resolve the Board at any time, upon one year written notice to the Village. Financial information may be obtained by contacting Debbie Zarbaugh, Clerk-Treasurer, at 355 South Center Street, LaGrange, Ohio 44050.

Note 11 – Jointly Governed Organizations

Lorain County Rural Water Authority - The Rural Lorain County Water Authority, a regional water district, is a political subdivision of the State of Ohio created by the Lorain County Common Pleas Court. The Authority was declared by the Court, on August 23, 1973, to be a duly organized regional water district, a political subdivision of the State of Ohio organized under Chapter 6119 of the Ohio Revised Code. The Authority operates under a Board of Trustees, which consists of as many members as equal to the total number of villages and townships within this regional water district.

Northeast Ohio Public Energy Council (NOPEC) - The Northeast Ohio Public Energy Council (NOPEC) is a regional council of governments organized pursuant to Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of energy. NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to service on the eleven –member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. Financial information should be directed to NOPEC, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

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OHIO AUDITOR OF STATE KEITH FABER



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

LaGrange Township
Lorain County
353 South Center Street
LaGrange, Ohio 44050

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 LaGrange 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 February 19, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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 amount. 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*.

Township's Response to Finding

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Township's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

February 19, 2021

**LAGRANGE TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

OTHER – FINDING FOR RECOVERY

We identified the following other issue related to Findings for Recovery. This issue did not impact our GAGAS report.

Finding for Recovery - Late Remittance Payments

FINDING NUMBER 2019-001

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

Ohio Rev. Code § 5747.06(A) provides every employer, including the state and its political subdivision, maintaining an office or transacting business within this state and making payments of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as a result, as far as practicable, in withholding from the employee’s compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter and chapter 5748 of the Revised Code with respect to the amount of such compensation included in the employee’s adjusted gross income during the calendar year. The employer shall deduct and withhold the tax on the date that the employer directly, indirectly, or constructive pays the compensation to, or credits the compensation to the benefit of employee.

The law requires employers to withhold taxes from employees’ paychecks and remit those taxes to the government. The United States Internal Revenue Code, for example, requires employers to deduct from wages paid to employees the employees’ share of FICA taxes and individual income taxes. See 26 U.S.C. §§ 3102(a) and 3402(a). Those withholdings are considered to be held in “a special fund in trust for the United States.” 26 U.S.C. § 7501(a). The employer is liable for the withheld portion of the employee’s wages and must pay over the full amount to the government each quarter. See *United States v Farr*, 536 F.3d 1174, 1176 (10th Circ. 2008).

The Township failed to remit payments timely to the Internal Revenue Service (IRS) for income tax withholdings from May 2018 through June 2020. This resulted in penalties charged to the Township totaling \$5,824. The interest and penalties against the Township could have been avoided had the Township timely remitted its employee federal tax withholdings; as such, these expenditures do not serve a proper public purpose.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Fiscal Officer Roberta Moore, in the amount of \$5,824, and in favor of the Township’s General Fund.

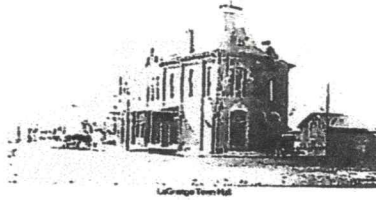
Roberta Moore reimbursed the Township the \$5,824 on February 10, 2021.

The Township should ensure all tax payments are remitted in a timely manner to the appropriate taxing authority.

Official's Response:

During the time of this violation we had changed several pay periods for Fire and EMS payroll from annual and monthly to monthly and bi-weekly. For 25 years my deposit period was by the 15th of the month. Changing the pay periods obviously affected my deposit period. The sad part is that you are not notified that the payment was late until a year after the deposit. Also if the deposit causes a late fee then part of your next payment is applied to the period with the late fee which causes a shortage for the next payment you intended it for. Once again, you are not notified of the change that was made or the previous late payment or the new late payment created until a year later. They direct your money where it's needed and you are continually late without knowing it until a year after the fact.

I have spent a lot of time on the phone with the IRS trying to understand their rules. Now I pay all withholdings to the IRS on the day I make out the checks so all of the payments will from now on be early. Yes it was my fault and I've owned up to it. This was the first time in 30 years I was ever informed that this could be a finding for recovery. In the past when I tried to pay late fees on my own because it was my fault I was told that it was illegal to do that. The Auditor's Office needs to make sure that this issue is in their training courses from now on so that other Fiscal Officers are aware that late fees are subject to a finding for recovery.



LAGRANGE TOWNSHIP

P.O. Box 565 LaGrange Ohio 44050
Phone - (440) 355-6071 Fax - (440) 355-6277

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2019 AND 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Implementation of Credit Card Review	Fully Corrected	None
2017-002	Timesheet Approvals	Fully Corrected	None
2017-003	Financial Reporting	Partially Corrected	The Township is in the process of implementing procedures to address these issues.

OHIO AUDITOR OF STATE KEITH FABER



LAGRANGE TOWNSHIP

LORAIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/23/2021

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

This report is a matter of public record and is available online at
www.ohioauditor.gov