



**OLMSTED TOWNSHIP
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**OLMSTED TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Olmsted Township
Cuyahoga County
26900 Cook Road
Olmsted Township, Ohio 44138

To the Board of Trustees:

We have audited the accompanying financial statements of Olmsted Township, Cuyahoga County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Olmsted Township, Cuyahoga County, Ohio, as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2000, 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 grants.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 9, 2000

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**OLMSTED TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$503,973	\$1,148,107	\$0	\$1,652,080
Intergovernmental	934,550	334,820	0	1,269,370
Special Assessments	0	0	527	527
Charges for Services	0	15,904	0	15,904
Licenses, Permits, and Fees	111,382	4,200	0	115,582
Fines, Forfeitures, and Penalties	0	6,679	16,962	23,641
Earnings on Investments	56,773	0	0	56,773
Other Revenue	1,486	3,026	4,462	8,974
Total Cash Receipts	<u>1,608,164</u>	<u>1,512,736</u>	<u>21,951</u>	<u>3,142,851</u>
Cash Disbursements:				
Current:				
General Government	321,605	8,552	0	330,157
Public Safety	566,672	1,135,002	0	1,701,674
Public Works	805,384	127,483	0	932,867
Health	0	16,200	0	16,200
Conservation - Recreation	0	8,500	0	8,500
Capital Outlay	0	222,982	31,591	254,573
Total Cash Disbursements	<u>1,693,661</u>	<u>1,518,719</u>	<u>31,591</u>	<u>3,243,971</u>
Total Receipts Over/(Under) Disbursements	<u>(85,497)</u>	<u>(5,983)</u>	<u>(9,640)</u>	<u>(101,120)</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	24	1,126	162	1,312
Transfers-In	0	44,400	0	44,400
Transfers-Out	(44,400)	0	0	(44,400)
Total Other Financing Receipts/(Disbursements)	<u>(44,376)</u>	<u>45,526</u>	<u>162</u>	<u>1,312</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(129,873)</u>	<u>39,543</u>	<u>(9,478)</u>	<u>(99,808)</u>
Fund Cash Balances, January 1	<u>719,836</u>	<u>437,736</u>	<u>15,710</u>	<u>1,173,282</u>
Fund Cash Balances, December 31	<u><u>\$589,963</u></u>	<u><u>\$477,279</u></u>	<u><u>\$6,232</u></u>	<u><u>\$1,073,474</u></u>
Reserve for Encumbrances, December 31	<u><u>\$98,607</u></u>	<u><u>\$39,704</u></u>	<u><u>\$225</u></u>	<u><u>\$138,536</u></u>

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

OLMSTED TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$462,275	\$1,152,857	\$0	\$1,615,132
Intergovernmental	1,137,667	416,796	0	1,554,463
Special Assessments	0	0	516	516
Charges for Services	89	9,106	0	9,195
Licenses, Permits, and Fees	82,172	0	0	82,172
Fines, Forfeitures, and Penalties	0	7,804	26,719	34,523
Earnings on Investments	51,346	0	0	51,346
Other Revenue	158,876	7,615	2,318	168,809
Total Cash Receipts	<u>1,892,425</u>	<u>1,594,178</u>	<u>29,553</u>	<u>3,516,156</u>
Cash Disbursements:				
Current:				
General Government	319,599	16,068	0	335,667
Public Safety	269,125	1,299,927	0	1,569,052
Public Works	934,550	96,877	0	1,031,427
Health	0	31,126	0	31,126
Capital Outlay	2,204	92,060	49,288	143,552
Total Cash Disbursements	<u>1,525,478</u>	<u>1,536,058</u>	<u>49,288</u>	<u>3,110,824</u>
Total Receipts Over/(Under) Disbursements	<u>366,947</u>	<u>58,120</u>	<u>(19,735)</u>	<u>405,332</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	118,000	0	118,000
Advances-In	116,850	71,850	0	188,700
Transfers-Out	(118,000)	0	0	(118,000)
Advances-Out	(71,850)	(116,850)	0	(188,700)
Total Other Financing Receipts/(Disbursements)	<u>(73,000)</u>	<u>73,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>293,947</u>	<u>131,120</u>	<u>(19,735)</u>	<u>405,332</u>
Fund Cash Balances, January 1 (as Restated, See Note 5)	<u>425,889</u>	<u>306,616</u>	<u>35,445</u>	<u>767,950</u>
Fund Cash Balances, December 31	<u>\$719,836</u>	<u>\$437,736</u>	<u>\$15,710</u>	<u>\$1,173,282</u>
Reserve for Encumbrances, December 31	<u>\$76,994</u>	<u>\$146,978</u>	<u>\$1,470</u>	<u>\$225,442</u>

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

**OLMSTED TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Olmsted Township, Cuyahoga County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road maintenance, police and fire protection and emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Police Levy Fund - This fund is used to account for property tax revenue used to provide police protection services.

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

**OLMSTED TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Capital Equipment Fund - This fund is used to account for purchases of equipment financed with general operating moneys designated by the Trustees.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**OLMSTED TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$873,474	\$973,282
Certificates of deposit	<u>200,000</u>	<u>200,000</u>
Total deposits and investments	<u><u>\$1,073,474</u></u>	<u><u>\$1,173,282</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,411,501	\$1,608,188	\$196,687
Special Revenue	1,384,475	1,558,262	173,787
Capital Projects	<u>20,846</u>	<u>22,113</u>	<u>1,267</u>
Total	<u><u>\$2,816,822</u></u>	<u><u>\$3,188,563</u></u>	<u><u>\$371,741</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,927,390	\$1,836,668	\$90,722
Special Revenue	1,681,017	1,558,423	122,594
Capital Projects	<u>32,070</u>	<u>31,816</u>	<u>254</u>
Total	<u><u>\$3,640,477</u></u>	<u><u>\$3,426,907</u></u>	<u><u>\$213,570</u></u>

**OLMSTED TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,426,940	\$1,892,425	\$465,485
Special Revenue	1,454,675	1,712,178	257,503
Capital Projects	27,473	29,553	2,080
Total	\$2,909,088	\$3,634,156	\$725,068

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,745,504	\$1,720,472	\$25,032
Special Revenue	1,756,143	1,683,036	73,107
Capital Projects	55,400	50,758	4,642
Total	\$3,557,047	\$3,454,266	\$102,781

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property with the County by each April 30.

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

5. RESTATEMENT OF PRIOR YEAR FUND BALANCE

The fund balance as of December 31, 1997 for the General Fund, Special Revenue Fund Type and Capital Projects Fund Type have been restated to correct the double posting of checks during 1997. The General Fund balance was restated from \$400,023 to \$425,889. The Special Revenue Fund Type was restated from \$268,856 to \$306,616. The Capital Projects Fund Type was restated from \$35,364 to \$35,445.

**OLMSTED TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

6. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Fire Truck and Ambulance Loan	\$210,445	7.9%

In 1996, the Township acquired a new fire truck and an ambulance for the Fire Department. The purchase was financed by a lease agreement with an option to purchase. The total of the lease is \$560,301 with a maturity date of August 8, 2003.

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

Year Ending December 31:	Payment
2000	\$62,256
2001	62,256
2002	62,256
2003	62,255
Total	\$249,023

7. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 24% of firefighters gross salaries. Law enforcement participants contributed 9% to PERS and the Township contributed an amount equal to 19.5% of their gross salaries. Other PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

OLMSTED TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

8. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

9. CONTINGENT LIABILITIES

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

10. SUBSEQUENT EVENTS

The Township purchased a new fire truck in June 2000 for \$292,643.



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Olmsted Township
Cuyahoga County
26900 Cook Road
Olmsted Township, Ohio 44138

To the Board of Trustees:

We have audited the accompanying financial statements of Olmsted Township, Cuyahoga County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated June 9, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated June 9, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 9, 2000.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 9, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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OLMSTED TOWNSHIP

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 18, 2000**