



OHIO AUDITOR OF STATE  
**KEITH FABER**





OLMSTED TOWNSHIP  
CUYAHOGA COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Olmsted Township  
Cuyahoga County  
7900 Fitch Road  
Olmsted Township, Ohio 44138

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 Olmsted Township, Cuyahoga 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.

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Efficient • Effective • Transparent

***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 Olmsted Township, Cuyahoga County as of December 31, 2019 and 2018, and 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 October 21, 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

October 21, 2020

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**Olmsted Township**  
*Cuyahoga 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)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 1,980,418	\$ 2,865,364		\$ 4,845,782
Charges for Services	700,302	315,573		1,015,875
Licenses, Permits and Fees	817,638	623		818,261
Fines and Forfeitures		2,178		2,178
Intergovernmental	606,128	1,367,009		1,973,137
Earnings on Investments	86,739	1,615		88,354
Miscellaneous	19,808	48,819		68,627
<i>Total Cash Receipts</i>	<u>4,211,033</u>	<u>4,601,181</u>	<u>-</u>	<u>8,812,214</u>
<b>Cash Disbursements</b>				
Current:				
General Government	1,266,790	190,135		1,456,925
Public Safety		3,953,312		3,953,312
Public Works	1,495,783	1,218,487		2,714,270
Health	129,069	74,915		203,984
Human Services	44,692			44,692
Capital Outlay	1,122,386	162,341		1,284,727
Debt Service:				
Principal Retirement	240,000			240,000
Interest and Fiscal Charges	38,923			38,923
<i>Total Cash Disbursements</i>	<u>4,337,643</u>	<u>5,599,190</u>	<u>-</u>	<u>9,936,833</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(126,610)</u>	<u>(998,009)</u>	<u>-</u>	<u>(1,124,619)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		800,000		800,000
Transfers Out	(800,000)			(800,000)
Advances In	102,000	83,000		185,000
Advances Out	(83,000)	(102,000)		(185,000)
Bond Proceeds	700,000			700,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(81,000)</u>	<u>781,000</u>	<u>-</u>	<u>700,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>(207,610)</u>	<u>(217,009)</u>	<u>-</u>	<u>(424,619)</u>
<i>Fund Cash Balances, January 1</i>	<u>2,367,974</u>	<u>2,030,638</u>	<u>4,012</u>	<u>4,402,624</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	1,813,629	-	1,813,629
Committed	-	-	4,012	4,012
Assigned	923,684	-	-	923,684
Unassigned (Deficit)	1,236,680	-	-	1,236,680
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,160,364</u>	<u>\$ 1,813,629</u>	<u>\$ 4,012</u>	<u>\$ 3,978,005</u>

*See accompanying notes to the basic financial statements*

**Olmsted Township**  
*Cuyahoga 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 Olmsted Township, Cuyahoga 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, police protection, fire protection and emergency medical services.

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

The Township participates in four jointly governed organizations and a public entity risk pool. Notes 7 and 13 to the financial statements provide additional information for these entities. The organizations are:

Ohio Government Risk Management Plan  
Southwest Council of Governments  
Northeast Ohio Public Energy Council  
Olmsted Joint Economic Development District  
Chestnut Grove Union Cemetery

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

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

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which 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:

**Olmsted Township**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***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.

***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.

***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 no significant capital project funds.

***Basis of Accounting***

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

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

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of, 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.

A summary of 2019 budgetary activity appears in Note 3.

**Olmsted Township**  
*Cuyahoga 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 *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.

**Olmsted Township**  
*Cuyahoga 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 was as follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$447,079	\$4,911,033	\$4,463,954
Special Revenue	5,362,387	5,401,181	38,794
Total	\$5,809,466	\$10,312,214	\$4,502,748

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,803,724	\$5,137,643	\$1,666,081
Special Revenue	6,946,200	5,599,190	1,347,010
Total	\$13,749,924	\$10,736,833	\$3,013,091

**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:

Demand deposits	2019 \$3,114,151
Total deposits	3,114,151
 STAR Ohio	 863,854
Total investments	863,854
Total deposits and investments	\$3,978,005

***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), 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.

**Olmsted Township**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***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.

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

**Note 6 – Interfund Balances**

There are no outstanding advances at December 31, 2019.

**Note 7 – Risk Management**

***Commercial Insurance***

The Township has obtained commercial insurance for the following risks:

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

The Township is uninsured for the following risks:

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

***Risk Pool Membership***

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**Olmsted Township**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>( 11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All employees except certified Fire Fighters 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 except for Police Officers contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. Police Officer OPERS members contributed 13%, of their gross salaries and the Township contributed an amount equaling 18.1%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

***Ohio Police and Fire Retirement System***

Township's certified full-time Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2019.

**Olmsted Township**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Social Security***

Several Township's employees 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 9 – Postemployment Benefits**

Both OPERS and OP&F offer 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 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**Note 10 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	<u>\$1,590,000</u>	.5% to 3.29%
Total	<u><u>\$1,590,000</u></u>	

***Leases***

The Township leases buildings, vehicles and other equipment under non-cancelable leases. The Township disbursed \$108,357 to pay lease costs for the year ended December 31, 2019.



**Olmsted Township**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Amortization***

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

Year Ending December 31:	General Obligation Bonds
2020	\$357,818
2021	354,776
2022	361,120
2023	361,837
2024	281,734
Total	<u>\$1,717,285</u>

**Note 11 – Construction and Contractual Commitments**

There was \$294,188 of Construction Commitment as of December 31, 2019.

**Note 12 – Contingent Liabilities**

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

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. 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 13 – Jointly Governed Organizations**

**A. Southwest Council of Governments**

The Southwest Council of Governments (the Council) helps foster cooperation between municipalities/townships in the areas affecting health, safety, welfare, education, economic condition, and regional development. The Board is comprised of one member from each of the sixteen participating entities. The Board exercises total control over the operation of the Council including budgeting, appropriating, contracting, and designating management. Budgets are adopted by the Board. Each member’s degree of control is limited to its representation on the Board. The Township contributed \$20,000 in 2019.

The Council has established two subsidiary organizations, the Hazardous Materials Response Team (“HAZ MAT”), which provides hazardous material protection and assistance and the Southwest Enforcement Bureau, which provides extra assistance in the form of a Special Weapons and Tactics Team (“SWAT Team”). The Council’s financial statements may be obtained by contacting the Southwest Council of Governments in Parma Heights, Ohio.

**Olmsted Township**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**B. Northeast Ohio Public Energy Council**

The Northeast Ohio Public Energy Council (NOPEC) is a regional council of governments formed under 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 electricity. NOPEC is currently comprised of 200 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each community. The representatives from each county then elect one person to serve on the eight-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 for NOPEC can be obtained by contacting Ron McVoy, Board Chairman, 31320 Solon Road, Suite 20, Solon, Ohio 44139.

**C. Chestnut Grove Union Cemetery**

The Chestnut Grove Union Cemetery (the Cemetery), 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 Cemetery provides burial grounds and burial services to the public. The Cemetery is a jointly governed organization between Olmsted Township and the City of Olmsted Falls.

A Joint Council consisting of the Trustees of Olmsted Township and the Council Members of the City of Olmsted Falls governs the Cemetery. The Joint Council elects and appoints the members of the Board of Trustees. The members of the Board of Trustees consist of the following: one elected member of the legislative body from each of the political subdivisions, and one appointed resident from either of the political subdivisions who is not a member of the legislative body.

The Joint Council exercises control over the operation of the Cemetery through budgeting, appropriating, and contracting. The Board of Trustees control daily operations of the Cemetery. During 2019, the Township contributed \$74,915 to Chestnut Grove Union Cemetery.

**D. Joint Economic Development District**

Olmsted Township and the City of Olmsted Falls, in an effort to promote economic growth and economic development, and in accordance with state law, entered into a contract to create the Olmsted Joint Economic Development District (JEDD). The legislative authorities of the City and Township each authorized and directed authorization to enter into a contract for the JEDD. The JEDD was incorporated on September 7, 2001 and JEDD activities initiated December 15, 2001.

**Olmsted Township**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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A Board of Directors governs the JEDD. The Board is composed of the following members: (a) one member representing the City, appointed by the Mayor and approved by the City Council; (b) one member representing the Township, appointed by the Township Trustees; and (c) one member selected by the two members listed. The Board exercises control over the operation of JEDD through budgeting, appropriations, contracting and designating management. The control by the city and township is limited to the representation on the board. The Township contributed \$0 in 2019.

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**Olmsted Township**

Cuyahoga 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)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 2,130,643	\$ 3,111,389		\$ 5,242,032
Charges for Services	657,795	251,784		909,579
Licenses, Permits and Fees	1,009,418	505		1,009,923
Fines and Forfeitures		2,206		2,206
Intergovernmental	334,200	1,269,864		1,604,064
Earnings on Investments	73,527	1,813		75,340
Miscellaneous	25,840	20,383		46,223
<i>Total Cash Receipts</i>	<u>4,231,423</u>	<u>4,657,944</u>	-	<u>8,889,367</u>
<b>Cash Disbursements</b>				
Current:				
General Government	1,135,652	121,144		1,256,796
Public Safety		3,596,078		3,596,078
Public Works	985,031	1,155,881		2,140,912
Health	105,187	53,851		159,038
Human Services	1,200			1,200
Capital Outlay	655,070	205,187		860,257
Debt Service:				
Principal Retirement	170,000			170,000
Interest and Fiscal Charges	29,913			29,913
<i>Total Cash Disbursements</i>	<u>3,082,053</u>	<u>5,132,141</u>	-	<u>8,214,194</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,149,370</u>	<u>(474,197)</u>	-	<u>675,173</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		900,000		900,000
Transfers Out	(900,000)			(900,000)
Advances In	55,000	74,000		129,000
Advances Out	(74,000)	(55,000)		(129,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(919,000)</u>	<u>919,000</u>	-	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	230,370	444,803	-	675,173
<i>Fund Cash Balances, January 1</i>	<u>2,137,604</u>	<u>1,585,835</u>	<u>4,012</u>	<u>3,727,451</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	2,030,638	-	2,030,638
Committed	-	-	4,012	4,012
Assigned	1,308,694	-	-	1,308,694
Unassigned (Deficit)	1,059,280	-	-	1,059,280
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,367,974</u>	<u>\$ 2,030,638</u>	<u>\$ 4,012</u>	<u>\$ 4,402,624</u>

See accompanying notes to the basic financial statements

**Olmsted Township**  
*Cuyahoga 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 Olmsted Township, Cuyahoga 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, police protection, fire protection and emergency medical services.

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

The Township participates in four jointly governed organizations and a public entity risk pool. Notes 7 and 12 to the financial statements provides additional information for these entities. The organizations are:

Ohio Government Risk Management Plan  
Southwest Council of Governments  
Northeast Ohio Public Energy Council  
Olmsted Joint Economic Development District  
Chestnut Grove Union Cemetery

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

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

***Basis of Presentation***

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

**Olmsted Township**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***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.

***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.

***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 no significant capital project funds.

***Basis of Accounting***

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

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

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of, 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.

A summary of 2018 budgetary activity appears in Note 3.

**Olmsted Township**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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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 *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.



**Olmsted Township**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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	\$4,026,439	\$4,231,422	\$204,983
Special Revenue	5,679,514	5,557,944	(121,570)
Total	\$9,705,953	\$9,789,366	\$83,413

  

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,107,454	\$3,982,053	\$2,125,401
Special Revenue	6,648,850	5,132,141	1,516,709
Total	\$12,756,304	\$9,114,194	\$3,642,110

**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	\$3,558,554
Total deposits	3,558,554
STAR Ohio	844,070
Total investments	844,070
Total deposits and investments	\$4,402,624

***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), 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.

**Olmsted Township**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***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.

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

**Note 6 – Interfund Balances**

Outstanding advances at December 31, 2018, consisted of \$19,000 advanced to the FEMA fund to provide working capital for operational expenses.

**Note 7 – Risk Management**

***Commercial Insurance***

The Township has obtained commercial insurance for the following risks:

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

The Township is uninsured for the following risks:

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

**Olmsted Township**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Risk Pool Membership***

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All employees except certified Fire Fighters 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 except for Police Officers contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. Police Officer OPERS members contributed 13%, of their gross salaries and the Township contributed an amount equaling 18.1%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

**Olmsted Township**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Ohio Police and Fire Retirement System***

Township’s certified full-time Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time fire fighters’ wages. The Township has paid all contributions required through December 31, 2018.

***Social Security***

Several Township’s employees 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 9 – Postemployment Benefits**

Both OPERS and OP&F offer 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. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**Note 10 – Debt**

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

	Principal	Interest Rate
General Obligation Bonds	\$1,130,000	.5% to 2.75%
Total	\$1,130,000	

***Leases***

The Township leases buildings, vehicles and other equipment under non-cancelable leases. The Township disbursed \$50,960 to pay lease costs for the year ended December 31, 2018.

**Olmsted Township**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Amortization***

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

Year Ending December 31:	General Obligation Bonds
2019	\$206,513
2020	202,913
2021	199,313
2022	205,263
2023-2026	416,250
Total	<u>\$1,230,252</u>

**Note 11 – Contingent Liabilities**

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

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. 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 12 – Jointly Governed Organizations**

**A. Southwest Council of Governments**

The Southwest Council of Governments (the Council) helps foster cooperation between municipalities/townships in the areas affecting health, safety, welfare, education, economic condition, and regional development. The Board is comprised of one member from each of the sixteen participating entities. The Board exercises total control over the operation of the Council including budgeting, appropriating, contracting, and designating management. Budgets are adopted by the Board. Each member’s degree of control is limited to its representation on the Board. The Township contributed \$20,000 in 2018.

The Council has established two subsidiary organizations, the Hazardous Materials Response Team (“HAZ MAT”), which provides hazardous material protection and assistance and the Southwest Enforcement Bureau, which provides extra assistance in the form of a Special Weapons and Tactics Team (“SWAT Team”). The Council’s financial statements may be obtained by contacting the Southwest Council of Governments in Parma Heights, Ohio.

**Olmsted Township**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**B. Northeast Ohio Public Energy Council**

The Northeast Ohio Public Energy Council (NOPEC) is a regional council of governments formed under 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 electricity. NOPEC is currently comprised of 200 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each community. The representatives from each county then elect one person to serve on the eight-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 for NOPEC can be obtained by contacting Ron McVoy, Board Chairman, 31320 Solon Road, Suite 20, Solon, Ohio 44139.

**C. Chestnut Grove Union Cemetery**

The Chestnut Grove Union Cemetery (the Cemetery), 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 Cemetery provides burial grounds and burial services to the public. The Cemetery is a jointly governed organization between Olmsted Township and the City of Olmsted Falls.

A Joint Council consisting of the Trustees of Olmsted Township and the Council Members of the City of Olmsted Falls governs the Cemetery. The Joint Council elects and appoints the members of the Board of Trustees. The members of the Board of Trustees consist of the following: one elected member of the legislative body from each of the political subdivisions, and one appointed resident from either of the political subdivisions who is not a member of the legislative body.

The Joint Council exercises control over the operation of the Cemetery through budgeting, appropriating, and contracting. The Board of Trustees control daily operations of the Cemetery. During 2018, the Township contributed \$53,851 to Chestnut Grove Union Cemetery.

**D. Joint Economic Development District**

Olmsted Township and the City of Olmsted Falls, in an effort to promote economic growth and economic development, and in accordance with state law, entered into a contract to create the Olmsted Joint Economic Development District (JEDD). The legislative authorities of the City and Township each authorized and directed authorization to enter into a contract for the JEDD. The JEDD was incorporated on September 7, 2001 and JEDD activities initiated December 15, 2001.

**Olmsted Township**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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A Board of Directors governs the JEDD. The Board is composed of the following members: (a) one member representing the City, appointed by the Mayor and approved by the City Council; (b) one member representing the Township, appointed by the Township Trustees; and (c) one member selected by the two members listed. The Board exercises control over the operation of JEDD through budgeting, appropriations, contracting and designating management. The control by the city and township is limited to the representation on the board. The Township contributed \$0 in 2018.

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# OHIO AUDITOR OF STATE KEITH FABER



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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

Olmsted Township  
Cuyahoga County  
7900 Fitch Road  
Olmsted Township, Ohio 44138

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 Olmsted Township, Cuyahoga 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 October 21, 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) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 Findings***

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

October 21, 2020

OLMSTED TOWNSHIP  
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018

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

1. Financial Reporting

FINDING NUMBER 2019-001

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Additionally, GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, paragraph 16 (codified in GASB Cod. 1800.176), states that an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance. Auditor of State Bulletin 2011-004 clarifies this further by stating that if appropriations (temporary or annual) exceed estimated receipts (not resources), the excess is to be assigned as it uses existing fund balance at year-end. This would be applicable to the General Fund as it is the only fund with a positive unassigned fund balance.

In 2018 and 2019, the following activity was improperly recorded, and adjustments to the financial statements and were made by the Fiscal Officer:

- On the 2018 statements, assigned fund balances related to the subsequent year appropriations and outstanding encumbrances within the General Fund totaling \$1,308,694 was improperly classified as Unassigned fund balance.
- On the 2019 statements, assigned fund balances related to the subsequent year appropriations and outstanding encumbrances within the General Fund totaling \$923,684 was improperly classified as Unassigned fund balance.

We recommend the Township adopt policies and procedures for controls over financial reporting to help ensure the information accurately reflects the activity of the Township and thereby increasing the reliability of the financial data throughout the year.

**Official's Response:**

We now have an understanding and an Excel spreadsheet of how to calculate and reclass the Unassigned Fund Balances per the standard UAN Reports to Assigned Fund Balances. We will utilize the above referenced spreadsheet to properly record the amounts in the Financial Statements going forward.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2019 and 2018

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	Township had numerous posting errors	Partially Corrected	In the future we will make sure we review account coding to prevent posting errors and we will gross up and book all bond proceeds as appropriate

# OHIO AUDITOR OF STATE KEITH FABER



**OLMSTED TOWNSHIP**

**CUYAHOGA 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 11/5/2020**

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)