



OHIO AUDITOR OF STATE
KEITH FABER



OLMSTED TOWNSHIP
CUYAHOGA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2021	5
Note to the Financial Statements – For the Year Ended December 31, 2021	6
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2020	17
Notes to the Financial Statements – For the Year Ended December 31, 2020	20
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	29
Schedule of Findings	31
Summary Schedule of Prior Audit Findings (Prepared by Management)	33

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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 Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Olmsted Township, Cuyahoga County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2021 and 2020, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 15 to the December 31, 2021 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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 31, 2022

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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, 2021

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 1,991,507	\$ 4,267,092		\$ 6,258,599
Charges for Services	778,904	401,824		1,180,728
Licenses, Permits and Fees	654,097	340		654,437
Fines and Forfeitures	-	545		545
Intergovernmental	734,921	1,535,222		2,270,143
Earnings on Investments	5,970	389		6,359
Miscellaneous	208,739	67,770		276,509
<i>Total Cash Receipts</i>	<u>4,374,138</u>	<u>6,273,182</u>	-	<u>10,647,320</u>
Cash Disbursements				
Current:				
General Government	1,407,338	228,136		1,635,474
Public Safety	-	4,042,642		4,042,642
Public Works	1,606,125	1,136,408		2,742,533
Health	283,293	66,751		350,044
Human Services	-	-		-
Conservation-Recreation	246,607	49,595		296,202
Other	-	70,177		70,177
Capital Outlay	127,934	358,633		486,567
Debt Service:				
Principal Retirement	320,000	-		320,000
Interest and Fiscal Charges	34,775	-		34,775
<i>Total Cash Disbursements</i>	<u>4,026,072</u>	<u>5,952,342</u>	-	<u>9,978,414</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>348,066</u>	<u>320,840</u>	-	<u>668,906</u>
Other Financing Receipts (Disbursements)				
Transfers In		500,000		500,000
Transfers Out	(500,000)			(500,000)
Advances In	25,000			25,000
Advances Out	-	(25,000)		(25,000)
Other Financing Sources	4,500			4,500
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(470,500)</u>	<u>475,000</u>	-	<u>4,500</u>
<i>Net Change in Fund Cash Balances</i>	<u>(122,434)</u>	<u>795,840</u>	-	<u>673,406</u>
<i>Fund Cash Balances, January 1</i>	<u>2,170,038</u>	<u>3,072,020</u>	<u>4,012</u>	<u>5,246,070</u>
Fund Cash Balances, December 31				
Restricted	-	3,867,860	-	3,867,860
Committed	-	-	4,012	4,012
Assigned	990,754	-	-	990,754
Unassigned (Deficit)	1,056,850	-	-	1,056,850
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,047,604</u>	<u>\$ 3,867,860</u>	<u>\$ 4,012</u>	<u>\$ 5,919,476</u>

See accompanying notes to the basic financial statements

Olmsted Township
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the 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, 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 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 all 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, 2021

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.

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 or 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.

A summary of 2021 budgetary activity appears in Note 3.

Olmsted Township
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Deposits and Investments

Deposits Deposits are insured by the Federal Depository Insurance Corporation; [or] collateralized by securities specifically pledged by the financial institution to the Township.

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

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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, 2021

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, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,228,638	\$4,378,638	\$150,000
Special Revenue	7,005,919	6,773,180	(232,739)
Total	\$11,234,557	\$11,151,818	(\$82,739)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,283,446	\$4,776,613	\$506,833
Special Revenue	8,622,111	6,436,641	2,185,470
Total	\$13,905,557	\$11,213,254	\$2,692,303

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit and investment accounts are as follows:

	2021
Cash Management Pool:	
Demand deposits	\$5,103,975
Total deposits	5,103,975
STAR Ohio	815,501
<i>Total carrying amount of deposits and investments held in the Pool (ties to FS)</i>	\$5,919,476

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$85,246 in unremitted employee payroll withholdings.

Olmsted Township
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

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, 2021, consisted of \$4,000 to the FEMA fund to provide working capital for operations or projects.

Note 7 – Risk Management

The Township has obtained commercial insurance for the following risks:

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

Risk Pool Membership

The Township 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, 2021

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. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. 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. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020 (most recent information available):

	2020
Assets	\$ 18,826,974
Liabilities	(\$13,530,267)
Members Equity	\$ 5,296,707

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, 2021.

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.

Olmsted Township
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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, 2021.

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, 2021.

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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	<u>\$955,000</u>	.5% to 3.29%
Total	<u><u>\$955,000</u></u>	

Leases

The Township leases vehicles under noncancelable leases. The Township disbursed \$58,034 to pay lease costs for the year ended December 31, 2021.

Amortization

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

Olmsted Township
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Year Ending <u>December 31:</u>	General Obligation <u>Bonds</u>
2022	\$361,119
2023	361,837
2024	281,734
Total	<u>\$1,004,690</u>

Note 11 – Construction and Contractual Commitments

There was \$ 350,201 of Purchase Commitments as of December 31, 2021.

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 \$21,406 in 2021.

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.

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 126 communities who have been authorized by ballot to purchase

Olmsted Township
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 2021, the Township contributed \$66,751 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.

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 \$1,000 in 2020.

Olmsted Township
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 14 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	235,501	484,301	719,802
Total	\$235,501	\$484,301	\$719,802

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The Township did not receive any CARES Act funding in 2021. During 2020, the Township received CARES Act funding. Of the amounts received, \$46,364 was sub-granted to other governments and organizations, \$0 was returned to the granting agency, and \$0 was spent on-behalf of other governments. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

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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, 2020

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 1,911,174	\$ 4,211,186		\$ 6,122,360
Charges for Services	747,486	463,544		1,211,030
Licenses, Permits and Fees	610,863	255		611,118
Fines and Forfeitures	-	763		763
Intergovernmental	495,615	1,891,056		2,386,671
Earnings on Investments	25,792	655		26,447
Miscellaneous	23,093	31,317		54,410
<i>Total Cash Receipts</i>	<u>3,814,023</u>	<u>6,598,776</u>	-	<u>10,412,799</u>
Cash Disbursements				
Current:				
General Government	1,304,108	217,028		1,521,136
Public Safety	-	3,835,359		3,835,359
Public Works	838,892	1,191,305		2,030,197
Health	303,968	53,249		357,217
Human Services	47,266	-		47,266
Conservation-Recreation	-	245,708		245,708
Capital Outlay	423,298	326,736		750,034
Debt Service:				
Principal Retirement	315,000	-		315,000
Interest and Fiscal Charges	42,817	-		42,817
<i>Total Cash Disbursements</i>	<u>3,275,349</u>	<u>5,869,385</u>	-	<u>9,144,734</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>538,674</u>	<u>729,391</u>	-	<u>1,268,065</u>
Other Financing Receipts (Disbursements)				
Transfers In		500,000		500,000
Transfers Out	(500,000)			(500,000)
Advances In		29,000		29,000
Advances Out	(29,000)			(29,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(529,000)</u>	<u>529,000</u>	-	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	9,674	1,258,391	-	1,268,065
<i>Fund Cash Balances, January 1</i>	<u>2,160,364</u>	<u>1,813,629</u>	<u>4,012</u>	<u>3,978,005</u>
Fund Cash Balances, December 31				
Restricted	-	3,072,020	-	3,072,020
Committed	-	-	4,012	4,012
Assigned	1,154,945	-	-	1,154,945
Unassigned (Deficit)	1,015,093	-	-	1,015,093
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,170,038</u>	<u>\$ 3,072,020</u>	<u>\$ 4,012</u>	<u>\$ 5,246,070</u>

See accompanying notes to the basic financial statements

Olmsted Township
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the 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, fire protection and emergency medical services

Jointly Governed Organizations and Related Organizations

The Township participates in four jointly governed organizations and a public entity risk pool. Notes 7 and 13 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 all 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, 2020

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.

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 to be budgeted annually.

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

A summary of 2020 budgetary activity appears in Note 3.

Olmsted Township
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Deposits and Investments

Deposits Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

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

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, 2020

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, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,891,301	\$3,814,023	(\$77,278)
Special Revenue	6,936,036	7,127,776	191,740
Total	\$10,827,337	\$10,941,799	\$114,462

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,804,349	\$4,427,804	(\$623,455)
Special Revenue	5,869,393	7,472,650	(1,603,257)
Total	\$9,673,742	\$11,900,454	(\$2,226,712)

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

Cash Management Pool:	2020
Demand deposits	\$4,430,569
Total deposits	4,430,569
STAR Ohio	815,501
Total deposits and investments	\$5,246,070

Olmsted Township
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$31,654 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

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, 2020, consisted of \$25,000 advanced to Gasoline Tax fund and \$4,000 to the FEMA fund to provide working capital for operations or projects.

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.

Risk Pool Membership

The Township 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.

Olmsted Township
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. 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. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019 (most recent information available):

	2019
Assets	\$ 15,920,504
Liabilities	(\$11,329,011)
Members Equity	\$ 4,591,493

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, 2020.

Olmsted Township
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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, 2020.

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, 2020.

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:

	Principal	Interest Rate
General Obligation Bonds	\$1,275,000	.5% to 3.29%
Total	\$1,275,000	

Leases

The Township leases buildings, vehicles and other equipment under noncancelable leases. The Township disbursed \$111,852 to pay lease costs for the year ended December 31, 2020.

Olmsted Township
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Amortization

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

Year Ending December 31:	General Obligation Bonds
2021	354,776
2022	361,120
2023	361,837
2024	281,734
Total	<u>\$1,359,466</u>

Note 11 – Construction and Contractual Commitments

There was \$402,682 of Construction Commitment as of December 31, 2020.

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 \$22,500 in 2020.

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, 2020

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 126 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 2020, the Township contributed \$53,249 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.

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

Olmsted Township
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

city and township is limited to the representation on the board. The Township contributed \$1,000 in 2020.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Township received CARES Act funding. Of the amounts received, \$46,364 was sub-granted to other governments and organizations, \$0 was returned to the granting agency, and \$0 was spent on-behalf of other governments. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

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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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements by fund type of the Olmsted Township, Cuyahoga County, (the Township) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements and have issued our report thereon dated October 31, 2022, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported 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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 31, 2022

**OLMSTED TOWNSHIP
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issue related to Findings for Recovery. This issue did not impact our GAGAS or Single Audit Compliance and Controls reports.

Finding for Recovery – Building Receipts

FINDING NUMBER 2021-001

Ohio Admin. Code § 117-2-01(D)(4) requires, in part, that entities plan for adequate segregation of duties or compensating controls. The Olmsted Township (Township) Building Permit Tech, Heather Serrano, was solely responsible for collecting applications and payments from the customers for building permits. Ms. Serrano entered the permit information and the amount paid into the building permit system (the system) and a receipt was automatically generated. The system would not allow a permit to be issued without showing it as paid and once issued, changes to the permit could not be made without calling the software company. Ms. Serrano was also responsible for preparing the permit payments collected for deposit and taking the deposit to the bank. The reconciled deposit information was provided to the Assistant to the Fiscal Officer for review and posting to the Township’s accounting system.

We examined all Building Permit fees collected from January 1, 2018 to February 27, 2019 and identified 106 receipts totaling \$10,387 collected by Ms. Serrano were not posted to the Township’s accounting system or deposited into the Township’s bank account. The following is a detail of the receipts not posted and deposited:

- 87 cash receipt payments, totaling, \$8,253; and
- 19 check receipt payments, totaling \$2,134.

On October 19, 2021, Ms. Serrano was indicted on one count of theft in office, a felony of the fifth degree, one count of grand theft, a felony of the fourth degree, and three counts of tampering with records, a felony of the third degree, in Cuyahoga County Common Pleas Court, Case No. CR-21-659451-A. Ms. Serrano plead guilty on February 15, 2022, to one count of Theft in Office, a felony of the third degree, in violation of R.C. 2921.41(A)(1), and was sentenced to five years’ probation and ordered to pay \$8,253 in restitution to the Township, and \$6,500 in audit costs.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a finding for recovery for public property converted or misappropriated in the amount of \$16,887 is hereby issued against Heather Serrano, with \$10,387 in favor of Olmsted Township’s General Fund and \$6,500 in favor of the Auditor of State’s Office.

As of October 31, 2022, Ms. Serrano has repaid the following to the Township and the Auditor of State:

Date Paid	Township	Auditor of State
May 13, 2022	\$250	\$250
July 5, 2022	\$125	\$125
August 2, 2022	\$75	\$75
September 7, 2022	\$50	\$50
October 7, 2022	\$75	\$75
Total	\$575	\$575

Officials' Response: The Olmsted Township Fiscal Office has established new and improved controls around segregation of duties for cash receipts. The controls are summarized in Resolution 043-2020 Limited Cash Policy and Internal Control Procedures on Receiving Payments dated April 22, 2020 attached.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2021 and 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	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 12/8/2022

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