



Dave Yost • Auditor of State



**OLMSTED JOINT ECONOMIC DEVELOPMENT DISTRICT  
CUYAHOGA COUNTY  
DECEMBER 31, 2017 AND 2016**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Olmsted Joint Economic Development District  
Cuyahoga County  
26900 Cook Road  
Olmsted Township, Ohio 44138

To the Board of Directors:

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

We have audited the accompanying financial statements and related notes of the Olmsted Joint Economic Development District, Cuyahoga County, Ohio (the District) as of and for the years ended December 31, 2017 and 2016.

### ***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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 1 of the financial statements, the District 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 District 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 District as of December 31, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Olmsted Joint Economic Development District, Cuyahoga as of December 31, 2017 and 2016, 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 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2018, on our consideration of the District'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 District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 17, 2018

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**OLMSTED JOINT ECONOMIC DEVELOPMENT DISTRICT**

*Cuyahoga County*

*Statement of Receipts, Disbursements*

*and Changes in Fund Balances (Regulatory Cash Basis)*

*General Fund*

*For the Year Ended December 31, 2017*

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	<u>General</u>
<b>Cash Receipts</b>	
Member Contributions	\$0
<i>Total Cash Receipts</i>	<u>-</u>
<b>Cash Disbursements</b>	
Operating Expenses	399
Professional Services	1,007
<i>Total Cash Disbursements</i>	<u>1,406</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,406)</u>
<i>Net Change in Fund Cash Balances</i>	(1,406)
<i>Fund Cash Balances, January 1</i>	<u>2,701</u>
<b>Fund Cash Balances, December 31</b>	
Unassigned (Deficit)	<u>1,295</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,295</u></u>

*See accompanying notes to the basic financial statements*

**OLMSTED JOINT ECONOMIC DEVELOPMENT DISTRICT**

*Cuyahoga County*

*Statement of Receipts, Disbursements*

*and Changes in Fund Balances (Regulatory Cash Basis)*

*General Fund*

*For the Year Ended December 31, 2016*

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	<u>General</u>
<b>Cash Receipts</b>	
Member Contributions	<u>\$0</u>
<i>Total Cash Receipts</i>	<u>-</u>
<b>Cash Disbursements</b>	
Operating Expenses	<u>316</u>
<i>Total Cash Disbursements</i>	<u>316</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(316)</u>
<i>Fund Cash Balances, January 1</i>	<u>3,017</u>
<b>Fund Cash Balances, December 31</b>	
Unassigned (Deficit)	<u>2,701</u>
<i>Fund Cash Balances, December 31</i>	<u><u>2,701</u></u>

*See accompanying notes to the basic financial statements*

# OLMSTED JOINT ECONOMIC DEVELOPMENT DISTRICT

*Cuyahoga County*

*Notes to the Financial Statements*

*For the Years Ended December 31, 2017 and 2016*

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## **Note 1 – Reporting Entity**

The Olmsted Joint Economic Development District, Cuyahoga County, Ohio (the District) contract was entered into as of December 15, 2001 by the City of Olmsted Falls and Olmsted Township under the authority of Sections 715.72 through 715.83 of the Ohio Revised Code. The District operates under an appointed Board of Directors established in accordance with Ohio Revised Code Section 715.78(A) and was formed to facilitate economic development, to create or preserve jobs and employment opportunities, and to improve the economic welfare of the people in the State, the County, the Township, the City, and the District. The District is currently funded through member contributions on an as needed basis.

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

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

### ***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.

### ***Deposits***

The District's deposits consist of a non-interest bearing checking account.

### ***Fund Balance***

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

***Nonspendable*** - The District 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*** - Governing Board members can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Governing Board amends 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.

**OLMSTED JOINT ECONOMIC DEVELOPMENT DISTRICT**

*Cuyahoga County*

*Notes to the Financial Statements*

*For the Years Ended December 31, 2017 and 2016*

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**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 District Governing Board or an District official delegated that authority by resolution, or by State Statute.

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

The District 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 – Deposits**

The District 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:

	<u>2017</u>	<u>2016</u>
Demand deposits	<u>\$ 1,295</u>	<u>\$ 2,701</u>
Total deposits	<u>\$ 1,295</u>	<u>\$ 2,701</u>

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation.



# Dave Yost • Auditor of State

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

Olmsted Joint Economic Development District  
Cuyahoga County  
26900 Cook Road  
Olmsted Township, Ohio 44138

To the Board of Directors:

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 Olmsted Joint Economic Development District, Cuyahoga County, (the District) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 17, 2018, wherein we noted the District 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 District'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 District'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 District'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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2017-001 to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the District'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*.

***District's Response to Findings***

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the District'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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 17, 2018

**OLMSTED JOINT ECONOMIC DEVELOPMENT DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**1. Supporting Documentation**

<i>Finding Number</i>	2017-001
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SIGNIFICANT DEFICIENCY

A disbursement of public monies requires supporting documentation of an original invoice, with description of the goods or services provided. There was one payment in 2016 for \$24 and six payments in 2017 totaling \$1,189 without an original invoice attached. The absence of an original invoice, or making a payment not supported by a proper invoice can considerably heighten the risk of fraud or misappropriation of public monies occurring.

We recommend a closer monitoring and inspection of invoices by the Board. This Board should inspect the voucher package to ensure it is complete and verified the amount withdrawn from the bank is for the invoice amount.

**Official's Response:**

Management declined to respond.

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# Dave Yost • Auditor of State

**OLMSTED JOINT ECONOMIC DEVELOPMENT DISTRICT**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 30, 2018**