



OHIO AUDITOR OF STATE  
**KEITH FABER**





**SAGAMORE HILLS TOWNSHIP  
SUMMIT COUNTY  
DECEMBER 31, 2020**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Sagamore Hills Township  
Summit County  
11551 Valley View Road  
Sagamore Hills, Ohio 44067-1099

To the Board of Trustees:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and related notes of Sagamore Hills Township, Summit County, Ohio (the Township).

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2020, and the respective changes in financial position thereof for the year 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 for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and related notes of the Township, 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.

***Emphasis of Matter***

As discussed in Note 14 to the 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.

***Other Matters***

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards (schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 14, 2021

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**Sagamore Hills Township**  
*Summit 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)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$468,336	\$3,022,734		\$ 3,491,070
Charges for Services		257,243		257,243
Licenses, Permits and Fees	1,688	2,696	\$ 66,170	70,554
Intergovernmental	494,778	1,680,916	493,811	2,669,505
Special Assessments	263			263
Earnings on Investments	9,432	483		9,915
Miscellaneous	60,681	10,339		71,020
<i>Total Cash Receipts</i>	<u>1,035,178</u>	<u>4,974,411</u>	<u>559,981</u>	<u>6,569,570</u>
<b>Cash Disbursements</b>				
Current:				
General Government	571,090	746,517		1,317,607
Public Safety	214,936	1,713,656		1,928,592
Public Works	1,256	807,881		809,137
Health	152,970			152,970
Conservation-Recreation	2,684			2,684
Capital Outlay	198,645	825,538	206,170	1,230,353
Debt Service:				
Principal Retirement		7,750		7,750
<i>Total Cash Disbursements</i>	<u>1,141,581</u>	<u>4,101,342</u>	<u>206,170</u>	<u>5,449,093</u>
<i>Excess of Receipts Over Disbursements</i>	<u>(106,403)</u>	<u>873,069</u>	<u>353,811</u>	<u>1,120,477</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	15,000	5,381		20,381
Other Financing Sources	(23,298)			(23,298)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(8,298)</u>	<u>5,381</u>	<u>0</u>	<u>(2,917)</u>
<i>Net Change in Fund Cash Balances</i>	(114,701)	878,450	353,811	1,117,560
<i>Fund Cash Balances, January 1, 2020</i>	<u>3,480,713</u>	<u>2,720,958</u>	<u>0</u>	<u>6,201,671</u>
<i>Fund Cash Balances, December 31, 2020</i>	<u>\$ 3,366,012</u>	<u>\$ 3,599,408</u>	<u>\$ 353,811</u>	<u>\$ 7,319,231</u>

*See accompanying notes to the basic financial statements*

**Sagamore Hills Township**  
*Summit County, Ohio*  
*Combined Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2020*

	Custodial
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	\$29,000
<i>Total Additions</i>	29,000
<b>Deductions</b>	
Other Distributions	6,500
<i>Total Deductions</i>	6,500
<i>Net Change in Fund Balances</i>	22,500
<i>Fund Cash Balances, January 1, 2020</i>	26,375
<i>Fund Cash Balances, December 31, 2020</i>	\$48,875

*See accompanying notes to the basic financial statements*

**Sagamore Hills Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Sagamore Hills Township, Summit 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 and police protection. The Township contracts with the City of Macedonia to provide fire services and emergency medical services.

***Jointly Governed Organizations***

The Township participates in the North Hills Water District, the Summit County Regional Planning Commission, the Cuyahoga Valley Regional Council of Governments, the Village of Walton-Sagamore Hills Township Joint Economic Development District, and the Northeast Ohio Regional Sewer District, all jointly governed organizations. Note 10 to the financial statements provides additional information for these entities.

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

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

***Basis of Presentation***

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

***Road and Bridge Fund*** The road and bridge fund receives property tax and intergovernmental revenue money reserved for the purpose of construction, maintenance and repair of Township roads and bridges.

***Police District Fund*** The police district fund receives property tax and intergovernmental money reserved for the purpose of maintenance of police department operations.

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

***Issue II Greenwood Parkway Fund*** The Township received a grant from the state for capital improvements. The proceeds are restricted for capital improvement.

**Sagamore Hills Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Fiduciary Funds*** Fiduciary funds include custodial funds. Custodial funds are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's custodial fund accounts for faithful performance cash deposit bonds paid by contractors. For regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial 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 Township 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 disbursements when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

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

***Appropriations*** Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2020 budgetary activity appears in Note 3.

***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.

**Sagamore Hills Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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*** The 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.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Sagamore Hills Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ended December 31, 2020 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 974,162	\$ 1,050,178	\$ 76,016
Special Revenue	4,955,594	4,979,792	24,198
Capital Projects	558,746	559,981	1,235
Total	<u>\$6,488,502</u>	<u>\$6,589,951</u>	<u>\$101,449</u>

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 3,596,317	\$ 1,168,017	\$ 2,428,300
Special Revenue	6,577,346	4,371,293	2,206,053
Capital Projects	558,746	519,750	38,996
Total	<u>\$10,732,409</u>	<u>\$6,059,060</u>	<u>\$4,673,349</u>

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all funds 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:

	<u>2020</u>
Demand deposits	<u>\$ 6,868,106</u>
Total deposits	6,868,106
STAR Ohio	<u>500,000</u>
Total investments	<u>500,000</u>
Total deposits and investments	<u>\$ 7,368,106</u>

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 does not have unremitted employee payroll withholdings.

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation, 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.

**Investments**

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

**Sagamore Hills Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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.

Public utilities are also taxed on personal and real property located within the Township.

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

**Note 6 - Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Commercial Insurance***

The Township has obtained commercial insurance for the following risks:

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

**Note 7 - Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

The Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. Full-time police officers 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.

**Note 8 – Postemployment Benefits**

OPERS offers 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% during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2020.

**Sagamore Hills Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 9 – Debt**

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Apple Hill and Cherrywood Circle	\$ 69,750	0.00%

During 2009, the Township received loan proceeds of \$155,000 from the Ohio Public Works Commission (OPWC) to finance road construction projects. This is an interest free loan requiring semi-annual payments of \$3,875 beginning January 1, 2010 and ending July 1, 2029. The OPWC loan payments were paid from the Special Revenue Road and Bridge Fund.

**Amortization**

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

Year ending December 31:	OPWC Loan
2021	\$ 7,750
2022	7,750
2023	7,750
2024	7,750
2025	7,750
2026-2029	31,000
Total	\$ 69,750

**Note 10 – Jointly Governed Organizations**

The Summit County Regional Planning Commission (the Commission) is a statutorily created political subdivision of Ohio. The Commission is jointly governed among municipalities and townships located in Summit County. Each member's control over the operation of the Commission is limited to its representation on the Board which consists of 48 members. The Board exercises total control over the Commission's operations. Summit County Regional Planning Commission was established to advise municipalities and local governments in Summit County on planning, development, and zoning issues.

The Cuyahoga Valley Regional Council of Governments (the Council) is a statutorily created political subdivision of Ohio. The Council is jointly governed among municipalities, townships, school districts, and park systems located in the Cuyahoga Valley. Each member's control over the operation of the Council is limited to its representation on the Board which consists of 34 members. The Board exercises total control over the Council's operation. Cuyahoga Valley Regional Council of Governments was established for municipalities, township, school districts, and park systems located in the Cuyahoga Valley to facilitate communication between the parks and local governments concerning zoning and other land issues.



**Sagamore Hills Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 10 – Jointly Governed Organizations (continued)**

The Village of Walton Hills and Sagamore Hills Township Joint Economic Development District (JEDD) is a jointly governed organization established in 2015 in order to facilitate economic development and to create and preserve jobs and employment opportunities within the JEDD area. The five-member Board consists of a Township member (initially the Chair of the Board of Township Trustees), a Village member (initially the Mayor of the Village), a representative of the business owners located in the district, a representative of the employees working in the district, and a fifth member appointed by the other four. The JEDD will be funded by an income tax levied on employee earnings and the net profits of businesses throughout the district and the Village will collect, administer, and enforce the income tax. The Township received four quarterly distributions from the JEDD totaling \$377,100.

North Hills Water District is directed by a seven-member Board of Trustees appointed by Northfield Center Township and Sagamore Hills Township. The District provides construction of water lines and major repairs and servicing of hydrants to the two Townships.

Northeast Ohio Regional Sewer District provides Community Cost Share Reimbursement Funds upon completion of projects that benefit the maintenance and upkeep of sewer systems in the Township. These funds are generated from the collection of sewer charges from the residents of the Township.

**Note 11 – Contingent Liabilities**

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 – 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	Capital Projects	Total
Outstanding Encumbrances	\$ 3,138	\$ 269,951	\$ 313,580	\$ 586,669

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds is restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 13 – Change in Accounting Principle**

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. There was no effect on the beginning fund balance.

**Sagamore Hills Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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. 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. These amounts are reflected as expenditures in the Local Coronavirus Relief Special Revenue Fund and the Summit County COVID-19 PSGP Special Revenue Fund on the accompanying financial statements.

**SAGAMORE HILLS TOWNSHIP  
SUMMIT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<b><u>U.S. DEPARTMENT OF TREASURY</u></b>			
<i>Passed Through Ohio Office of Budget and Management</i>			
COVID-19 Local Coronavirus Relief	21.019	HB481-CRF LOCAL	\$ 195,901
COVID-19 Governor Controlling Board	21.019	HB481-CRF LOCAL	97,950
COVID-19 Senate Bill 357	21.019	HB481-CRF LOCAL	<u>393,142</u>
<b><i>Total Passed Through Ohio Office of Budget and Management</i></b>			<b><u>686,993</u></b>
<b><u>U.S. DEPARTMENT OF TREASURY</u></b>			
<i>Passed Through Summit County Ohio</i>			
COVID-19 Summit County Payroll Support	21.019	HB481-CRF LOCAL	<u>311,251</u>
<b><i>Total Passed Through Summit County Ohio</i></b>			<b><u>311,251</u></b>
<b>Total Federal Financial Assistance</b>			<b><u>\$ 998,244</u></b>

*The accompanying notes are an integral part of this schedule.*

**SAGAMORE HILLS TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Sagamore Hills Township (the Township's) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Township, it is not intended to and does not present the financial position or changes in net position of the Township

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The Township has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - SUBRECIPIENTS**

The Township did not provide funds to subrecipients during the fiscal year January 1, 2020 through December 31, 2020.

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

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

Sagamore Hills Township  
Summit County  
11551 Valley View Road  
Sagamore Hills, Ohio 44067-1099

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 for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and related notes of Sagamore Hills Township, Summit County (the Township) and have issued our report thereon dated December 14, 2021, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit, and wherein we noted the Township referred to the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

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

***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

December 14, 2021

# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Sagamore Hills Township  
Summit County  
11551 Valley View Road  
Sagamore Hills, Ohio 44067-1099

To the Board of Trustees:

### ***Report on Compliance for the Major Federal Program***

We have audited Sagamore Hills Township's (the Township) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Sagamore Hills Township's major federal program for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Township's major federal program.

### ***Management's Responsibility***

The Township's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the Township's compliance for the Township's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Township's major program. However, our audit does not provide a legal determination of the Township's compliance.

**Opinion on the Major Federal Program**

In our opinion, Sagamore Hills Township complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2020.

**Report on Internal Control Over Compliance**

The Township's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Township's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Township's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 14, 2021



**SAGAMORE HILLS TOWNSHIP  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2020**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Adverse under GAAP Unmodified under the regulatory basis
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	COVID-19 Coronavirus Relief Fund – CFDA #21.019
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

None noted

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None noted

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR 200.511(b)**  
**December 31, 2020**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-01	Financial Reporting – Omission of posting of on behalf monies, misclassification of funds, incorrect recording of loss due to a cyber-attack from prior fiscal officer.	Partially Corrected	Improved but not fully corrected. See Management Letter Recommendation relating to Financial Reporting on misclassification of accounts only. The Township added additional procedures with the bank and obtained additional cybersecurity insurance.
2019-02	Finding for Recovery – Overpayment for 2 employees due to incorrect calculation of employees' hourly wage	Fully Corrected	

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# OHIO AUDITOR OF STATE KEITH FABER



**SAGAMORE HILLS TOWNSHIP**

**SUMMIT 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 1/4/2022**

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](http://www.ohioauditor.gov)