



OHIO AUDITOR OF STATE
KEITH FABER



**SAGAMORE HILLS TOWNSHIP
SUMMIT COUNTY**

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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 Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Sagamore Hills Township, Summit County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, 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 and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, or the changes in financial position thereof for the year 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.

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 June 2, 2023, 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

June 2, 2023

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SAGAMORE HILLS TOWNSHIP
SUMMIT COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances
(Cash Basis) - All Governmental Fund Types
For the Year Ended December 31, 2022

| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Totals (Memorandum Only)</u> |
|---|---------------------|----------------------------|-----------------------------|---|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$ 528,065 | \$ 3,066,863 | \$ - | \$ 3,594,928 |
| Charges for Services | - | 317,674 | - | 317,674 |
| Licenses, Permits and Fees | 275 | 1,800 | 43,375 | 45,450 |
| Intergovernmental | 566,079 | 1,468,680 | - | 2,034,759 |
| Special Assessments | 1,163 | - | - | 1,163 |
| Earnings on Investments | 11,680 | 799 | - | 12,479 |
| Miscellaneous | 69,359 | 38,373 | - | 107,732 |
| <i>Total Cash Receipts</i> | <u>1,176,621</u> | <u>4,894,189</u> | <u>43,375</u> | <u>6,114,185</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| General Government | 582,025 | 71,701 | - | 653,726 |
| Public Safety | 6,198 | 2,808,493 | - | 2,814,691 |
| Public Works | - | 707,834 | - | 707,834 |
| Health | 153,114 | - | - | 153,114 |
| Capital Outlay | 150,892 | 1,101,968 | - | 1,252,860 |
| Debt Service: | | | | |
| Principal Retirement | - | 7,750 | - | 7,750 |
| <i>Total Cash Disbursements</i> | <u>892,229</u> | <u>4,697,746</u> | <u>-</u> | <u>5,589,975</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>284,392</u> | <u>196,443</u> | <u>43,375</u> | <u>524,210</u> |
| Other Financing Receipts (Disbursements) | | | | |
| Sale of Capital Assets | - | 117,050 | - | 117,050 |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>-</u> | <u>117,050</u> | <u>-</u> | <u>117,050</u> |
| <i>Net Change in Fund Cash Balances</i> | 284,392 | 313,493 | 43,375 | 641,260 |
| <i>Fund Cash Balances, January 1</i> | <u>3,471,412</u> | <u>4,321,739</u> | <u>79,964</u> | <u>7,873,115</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 3,755,804</u> | <u>\$ 4,635,232</u> | <u>\$ 123,339</u> | <u>\$ 8,514,375</u> |

SAGAMORE HILLS TOWNSHIP
SUMMIT COUNTY

Combined Statement of Receipts, Disbursements and Changes in Fund Balances
(Cash Basis) - All Fiduciary Fund Types
For the Year Ended December 31, 2022

| | <u>Custodial</u> |
|--|------------------------|
| Additions | |
| Fines, Licenses and Permits for Distribution | \$1,000 |
| <i>Total Additions</i> | <u>1,000</u> |
| Deductions | |
| Other Distributions | 1,250 |
| <i>Total Deductions</i> | <u>1,250</u> |
| <i>Net Change in Fund Cash Balances</i> | (250) |
| <i>Fund Cash Balances, January 1</i> | <u>11,075</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$10,825</u></u> |

Sagamore Hills Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 Hills-Sagamore Hills Township Joint Economic Development District, the Northeast Ohio Regional Sewer District, and Community University Education Regional Purchasing Council of Government, 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.

Sagamore Hills Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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:

Capital Equipment – Established for the purchase of capital equipment for the Road Department, Fire, and EMS

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 (C). 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 (C) 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 2022 budgetary activity appears in Note 3.

Sagamore Hills Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Leases

The Township is the Lessor in an Option and Site Lease Agreement extending through August 31, 2041 with CCATT LLC (Crown Castle AT&T), whereby the Township leases a portion of land that houses a wireless cell tower and receives monthly rent payments in the amount of \$3,450, increasing 15% every five (5) years.

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.

Sagamore Hills Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2022 follows:

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|------------------------------|----------------------------|-----------------|
| General | \$ 1,016,885 | \$ 1,176,622 | \$ 159,737 |
| Special Revenue | 4,987,914 | 5,011,240 | 23,326 |
| Capital Projects | <u>43,375</u> | <u>43,375</u> | <u>-</u> |
| | 6,048,174 | 6,231,237 | 183,063 |

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Disbursements</u> | <u>Variance</u> |
|------------------|------------------------------------|------------------------------------|-----------------|
| General | \$ 3,083,330 | \$ 893,705 | \$ 2,189,625 |
| Special Revenue | 6,849,081 | 4,782,973 | 2,066,108 |
| Capital Projects | <u>120,000</u> | <u>-</u> | <u>120,000</u> |
| | 10,052,411 | 5,676,678 | 4,375,733 |

Sagamore Hills Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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:

| | |
|--------------------------------|---------------------|
| | 2022 |
| Demand deposits | <u>\$ 8,025,200</u> |
| Total deposits | 8,025,200 |
| | |
| STAR Ohio | <u>500,000</u> |
| Total investments | 500,000 |
| Total deposits and investments | <u>\$ 8,525,200</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, 2022, 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.

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.

Sagamore Hills Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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, 2022.

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 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2022.

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|---------------------------------------|------------------|----------------------|
| OPWC Apple Hill and Cherrywood Circle | \$ 54,250 | 0.00% |

Sagamore Hills Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (continued)

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 <u>December 31:</u> | <u>OPWC Loan</u> |
|------------------------------------|------------------|
| 2023 | 7,750 |
| 2024 | 7,750 |
| 2025 | 7,750 |
| 2026 | 7,750 |
| 2027 | 7,750 |
| 2028-2029 | 15,500 |
| Total | <u>54,250</u> |

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, townships, 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, 2022

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 quarterly distributions from the JEDD in 2022 totaling \$485,132.

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.

The Township is a member of the Community University Education Purchasing Regional Council of Governments (CUE-COG) for the purpose of lowering costs of road salt by joining with other Governmental Entities through pooled purchasing and competitive bidding.

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 facilitate 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 | \$ 1,476 | \$ 80,000 | \$ - | \$ 81,476 |

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.

Sagamore Hills Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 13 – 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. Ohio's State of Emergency ended in June 2021, while the national state of emergency continues. 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 2022, the Township received (ARP) American Rescue Plan funding. These amounts are reflected as revenue in the (ARP) American Rescue Plan Special Revenue Fund on the accompanying financial statements.

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SAGAMORE HILLS TOWNSHIP
SUMMIT COUNTY

Combined Statement of Receipts, Disbursements and Changes in Fund Balances
(Cash Basis) - All Governmental Fund Types
For the Year Ended December 31, 2021

| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Totals (Memorandum Only)</u> |
|---|---------------------|----------------------------|-----------------------------|---|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$ 523,861 | \$ 3,045,912 | \$ - | \$ 3,569,773 |
| Charges for Services | - | 251,255 | - | 251,255 |
| Licenses, Permits and Fees | 150 | 2,199 | 45,210 | 47,559 |
| Intergovernmental | 535,933 | 1,163,860 | 265,662 | 1,965,455 |
| Special Assessments | 23,298 | - | - | 23,298 |
| Earnings on Investments | 2,164 | 81 | - | 2,245 |
| Miscellaneous | 55,459 | 20,919 | 61 | 76,439 |
| <i>Total Cash Receipts</i> | <u>1,140,865</u> | <u>4,484,226</u> | <u>310,933</u> | <u>5,936,024</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| General Government | 569,288 | 87,717 | - | 657,005 |
| Public Safety | 242,936 | 2,463,373 | - | 2,706,309 |
| Public Works | - | 584,837 | - | 584,837 |
| Health | 151,054 | - | - | 151,054 |
| Capital Outlay | 87,187 | 689,157 | 585,967 | 1,362,311 |
| Debt Service: | | | | |
| Principal Retirement | - | 7,750 | - | 7,750 |
| <i>Total Cash Disbursements</i> | <u>1,050,465</u> | <u>3,832,834</u> | <u>585,967</u> | <u>5,469,266</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>90,400</u> | <u>651,392</u> | <u>(275,034)</u> | <u>466,758</u> |
| Other Financing Receipts (Disbursements) | | | | |
| Sale of Capital Assets | 15,000 | 70,939 | 1,187 | 87,126 |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>15,000</u> | <u>70,939</u> | <u>1,187</u> | <u>87,126</u> |
| <i>Net Change in Fund Cash Balances</i> | 105,400 | 722,331 | (273,847) | 553,884 |
| <i>Fund Cash Balances, January 1</i> | <u>3,366,012</u> | <u>3,599,408</u> | <u>353,811</u> | <u>7,319,231</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 3,471,412</u> | <u>\$ 4,321,739</u> | <u>\$ 79,964</u> | <u>\$ 7,873,115</u> |

SAGAMORE HILLS TOWNSHIP
SUMMIT COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances
(Cash Basis) - All Fiduciary Fund Types
For the Year Ended December 31, 2021

| | Custodial |
|--|------------------|
| Additions | |
| Fines, Licenses and Permits for Distribution | \$5,200 |
| <i>Total Additions</i> | <i>5,200</i> |
| Deductions | |
| Other Distributions | 43,000 |
| <i>Total Deductions</i> | <i>43,000</i> |
| <i>Net Change in Fund Cash Balances</i> | (37,800) |
| <i>Fund Cash Balances, January 1</i> | 48,875 |
| <i>Fund Cash Balances, December 31</i> | \$11,075 |

Sagamore Hills Township
Summit 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 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 Hills-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.

Sagamore Hills Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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:

Capital Equipment – Established for the purchase of capital equipment for the Road Department, Fire, and EMS

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 (C). 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 (C) 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 2021 budgetary activity appears in Note 3.

Sagamore Hills Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. 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.

Sagamore Hills Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2021 follows:

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|--------------------|---------------|
| General | \$ 1,112,379 | \$ 1,155,866 | \$ 43,487 |
| Special Revenue | 4,528,089 | 4,555,165 | 27,076 |
| Capital Projects | 306,446 | 312,121 | 5,675 |
| | <u>5,946,914</u> | <u>6,023,152</u> | <u>76,238</u> |

| Fund Type | Appropriation Authority | Budgetary Disbursements | Variance |
|------------------|----------------------------|----------------------------|------------------|
| General | \$ 4,323,151 | \$ 1,055,345 | \$ 3,267,806 |
| Special Revenue | 6,106,501 | 3,856,162 | 2,250,339 |
| Capital Projects | 587,679 | 585,967 | 1,712 |
| | <u>11,017,331</u> | <u>5,497,474</u> | <u>5,519,857</u> |

Sagamore Hills Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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:

| | |
|--------------------------------|----------------------------|
| | 2021 |
| Demand deposits | <u>\$ 7,384,190</u> |
| Total deposits | 7,384,190 |
| | |
| STAR Ohio | <u>500,000</u> |
| Total investments | <u>500,000</u> |
| Total deposits and investments | <u><u>\$ 7,884,190</u></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, 2021, 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.

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.

Sagamore Hills Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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, 2021.

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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2021.

Sagamore Hills Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt

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

| | Principal | Interest Rate |
|---------------------------------------|-----------|---------------|
| OPWC Apple Hill and Cherrywood Circle | \$ 62,000 | 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 |
|-----------------------------|-----------|
| 2022 | 7,750 |
| 2023 | 7,750 |
| 2024 | 7,750 |
| 2025 | 7,750 |
| 2026 | 7,750 |
| 2027-2029 | 23,250 |
| Total | \$ 62,000 |

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, townships, 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, 2021

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 three quarterly distributions from the JEDD totaling \$255,653.

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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

| <u>Fund Balances</u> | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Total</u> |
|--------------------------|----------------|----------------------------|-----------------------------|--------------|
| Outstanding Encumbrances | \$ 3,880 | \$ 23,329 | \$ - | \$ 27,209 |

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.

Sagamore Hills Township
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 13 – 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. Ohio's State of Emergency ended in June 2021, while the national state of emergency continues. 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 2021, the Township received (ARP) American Rescue Plan funding. These amounts are reflected as revenue in the (ARP) American Rescue Plan Special Revenue Fund on the accompanying financial statements.

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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 the 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 (*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 years ended December 31, 2022 and 2021 and the related notes to the financial statements of Sagamore Hills Township, Summit County, (the Township) and have issued our report thereon dated June 2, 2023, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

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 purpose 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

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*.

Entity's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's response to the finding identified in our audit and described in the accompanying schedule of findings. The Entity's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

June 2, 2023

**SAGAMORE HILLS TOWNSHIP
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 & 2021**

| |
|---|
| FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|---|

FINDING NUMBER 2022-001

FINANCIAL REPORTING - MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following exception was noted indicating a deficiency in the design, implementation and maintenance of internal controls relevant to preparing and fairly presenting financial statements and note disclosures.

- For 2022, the amounts reported in "Note 3 - Budgetary Activity" for Budgetary Disbursements were incorrectly reported as follows:
 - General Fund were overstated by \$3,418
 - Special Revenue Funds were overstated by \$8,662
 - Capital Project Funds were overstated by \$585,967

The financial statement footnote disclosures were corrected for final presentation.

To help ensure the financial statements and related footnote disclosures are presented properly, the Township should review the design, implementation, and maintenance of internal controls relevant to preparing and fairly presenting financial statements and note disclosure.

Official's Response:

This matter has been corrected and financial records now reflect the correct budgeted amount. The UAN system carried forward the prior year's unencumbered budget amounts, thus overstating available budgeted funds. Actual expenditures were accurately reported and did not exceed the approved annual budget for the year.

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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 6/27/2023

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