



**MONTVILLE TOWNSHIP  
GEAUGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2009 & 2008**



**Mary Taylor, CPA**  
Auditor of State



**MONTVILLE TOWNSHIP  
GEAUGA COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Montville Township  
Geauga County  
9755 Madison Road  
P.O. Box 116  
Montville, Ohio 44064

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Montville Township (the Township) agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2009 and 2008, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

### Cash

1. We tested the mathematical accuracy of the December 31, 2009 and December 31, 2008 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2008 beginning fund balances recorded in the Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances Report to the December 31, 2007 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2009 and 2008 fund cash balances reported in the Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances. The amounts agreed.
4. We confirmed the December 31, 2009 bank account balances with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2009 bank reconciliation without exception.
5. We selected five outstanding checks haphazardly from the December 31, 2009 bank reconciliation:
  - a. We traced each check to the debit appearing in the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and date written to the check register, to determine the checks were dated prior to December 31. We noted no exceptions.
6. We selected the two deposits in transit from the December 31, 2009 bank reconciliation:
  - a. We traced each deposit to the credit appearing in the subsequent January bank statement. We found no exceptions.
  - b. We agreed these deposits' amounts to the Receipts Register. Each deposit in transit was recorded as a December receipt for the same amount recorded in the reconciliation.

### **Cash (Continued)**

7. We tested the interbank account transfer occurring in December of 2008 to determine if it was properly recorded in the accounting records and on each bank statement. We found no exceptions.

### **Property Taxes, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2009 and one from 2008:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Township Accounting Ledger. We also traced the advances noted on the 2007 First Half Real Estate Statement to the Township Accounting Ledger. The amounts agreed.
  - b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Township Accounting Ledger to determine whether it included the proper number of tax receipts for 2009 and 2008:
  - a. Two personal property tax receipts
  - b. Two real estate tax receipts, plus four advances in 2009 and two advances in 2008We noted the Township Accounting Ledger included the proper number of tax settlement receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2009 and five from 2008.
  - a. We compared the amount from the DTL to the amount recorded in the Township Accounting Ledger. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from the Ohio Public Works Commission to the Township during 2009 with the Commission. We found no exceptions.
  - a. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
  - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

### **Debt**

1. We inquired of management, and scanned the Township Accounting Ledger for evidence of bonded or note debt issued during 2009 or 2008 or outstanding as of December 31, 2009 or 2008. We noted the issuance of an Ohio Public Works Commission Loan in 2009.
2. We agree the amount of debt proceeds from the debt documents to the amounts recorded in the PWC Capital Projects fund per the Township Accounting Ledger. The amounts agreed.
3. For new debt issued during 2009, we inspected the debt legislation, noting the Township must use the proceeds to pave a local road. We scanned the Township Accounting Ledger and noted the Township used the loan for the intended road pavement project in November of 2009.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2009 and one payroll check for five employees from 2008 from the Yearly Payroll Reports and determined whether the following information in the employees' personnel files and minute record was consistent with the information used to compute gross and net pay related to this check:
  - a. Name
  - b. Authorized salary or pay rate
  - c. Department(s) and fund(s) to which the check should be charged.
  - d. Retirement system participation and payroll withholding.
  - e. Federal, State & Local income tax withholding authorization and withholding.
  - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above, except the tax withholding form was not maintained for one employee. However, the payroll register did disclose retirement withholdings for this employee. In addition, we found that the tax withholding form was not updated to reflect the current deduction amount for one employee. We recommend the Township maintain and update all documentation to support wages paid and deductions withheld.

2. We tested the checks we selected in step 1, as follows:
  - a. We compared the hours and pay rate, or salary amount used in computing gross pay to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions
  - c. We determined whether the fund and account code(s) to which the check was posted was reasonable based on the employees' duties as documented in the employees' personnel files, minute record, or as required by Ohio Revised Code sections 505.24 and 507.09. We also determined whether the payment was posted to the proper year. We found no exceptions.
3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2009 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2009. We noted the following:

<b>Withholding</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Withheld</b>	<b>Amount Paid</b>
Federal income taxes	January 31, 2010	December 28, 2009	\$917.50	\$917.50
State income taxes	January 15, 2010	December 28, 2009	\$197.37	\$197.37
OPERS retirement (withholding plus employer share)	January 30, 2010	December 28, 2009	\$2,386.51	\$2,386.51

4. For the pay periods ended October 31, 2009 and April 30, 2008, we compared documentation and the recomputation supporting the allocation of Board salaries to the General Fund. We found no exceptions.

**Non-Payroll Cash Disbursements**

1. For the Township Expenses Report, we refooted checks recorded as General Fund disbursements for *security of persons and property*, and checks recorded as *public works* in the Capital Projects Fund for 2009. We found no exceptions.

### **Non-Payroll Cash Disbursements (Continued)**

2. We agreed total disbursements (non-payroll and payroll) from the Township Expenses Report for the years ended December 31, 2009 and 2008 to the total disbursements recorded in the Township Accounting Ledger. We found no exceptions.
3. We haphazardly selected ten disbursements from the Township Expenses Report for the year ended December 31, 2009 and ten from the year ended 2008 and determined whether:
  - a. The disbursements were for a proper public purpose. We found no exceptions.
  - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Township Expense Report and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
  - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

### **Compliance – Budgetary**

1. We compared the total from the *Amended Official Certificate Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Comparison of Budgeted and Actual Receipts Report for the General, Road and Bridge, and Fire Levy funds for the years ended December 31, 2009 and 2008. The amounts agreed.
2. We scanned the appropriation measures adopted for 2009 and 2008 to determine whether, for the General, Road and Bridge, and Fire Levy funds, the Trustees appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Comparison of Disbursements and Encumbrances with Expenditure Authority Report for 2009 and 2008 for the following funds: the General, Road and Bridge, and Fire Levy funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Comparison of Disbursements and Encumbrances with Expenditure Authority Report.
4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Road and Bridge, and Fire Levy funds for the years ended December 31, 2009 and 2008. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2009 and 2008 for the General, Road and Bridge, and Fire Levy funds, as recorded in the Comparison of Disbursements and Encumbrances with Expenditure Authority Report. We noted no funds for which expenditures exceeded appropriations.



**Compliance – Budgetary (Continued)**

6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Township Accounting Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2009 and 2008. We also inquired of management regarding whether the Township received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. We scanned the 2009 and 2008 Township Accounting Ledgers and Comparison of Disbursements and Encumbrances with Expenditure Authority Reports for evidence of interfund transfers which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Comparison of Disbursements and Encumbrances with Expenditure Authority Report to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Township did not establish these reserves.

**Compliance – Contracts & Expenditures**

1. We inquired of management and scanned the Township Accounting Ledger for the years ended December 31, 2009 and 2008 for procurements requiring competitive bidding under the following statutes:
  - a. Materials, machinery and tools used in constructing, maintaining and repairing roads and culverts, where costs exceeded \$25,000. (Ohio Rev. Code Section 5549.21)
  - b. Construction and erection of a memorial building or monument costs exceeding \$25,000 (Ohio Rev. Code Section 511.12)
  - c. Equipment for fire protection and communication costs exceeding \$50,000 (Ohio Rev. Code Sections 505.37 to 505.42)
  - d. Street lighting systems or improvement costs exceeding \$25,000 (Ohio Rev. Code Section 515.07)
  - e. Building modification costs exceeding \$25,000 to achieve energy savings (Ohio Rev. Code Section 505.264)
  - f. Private sewage collection tile costs exceeding \$25,000 (Ohio Rev. Code Sections 521.02 to 521.05)
  - g. Fire apparatus, mechanical resuscitators, other fire equipment, appliances, materials, fire hydrants, buildings, or fire-alarm communications equipment or service costs exceeding \$50,000 (Ohio Rev. Code Section 505.37(A))

We identified an emergency vehicle purchase exceeding \$50,000. For this purchase, we noted the Board consulted with the Ohio Department of Administrative Services and selected the authorized dealer from this list. Pursuant to Ohio Rev. Code Section 505.101, the Township was exempt from competitive bidding.

2. We inquired of management and scanned the Township Accounting Ledger for the years ended December 31, 2009 and 2008 to determine if the township had road construction projects exceeding \$45,000 for which Ohio Rev. Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

**Compliance – Contracts & Expenditures (Continued)**

We identified a paving project in 2009 exceeding \$45,000, subject to Ohio Rev. Code Section 5575.01. We noted the Board advertised the project in a local newspaper and selected the lowest responsible bidder.

3. For the road maintenance project described in step 2 above, we read the contract and noted that it required the contractor to pay prevailing wages to their employees as required by Ohio Rev. Code Sections 4115.04 and 4115.05. The contract included the Ohio Department of Commerce's schedule of prevailing rates.

**Officials' Response Regarding Withholding Documentation:** Management is aware of the issues presented and will make the necessary documentation updates to the employee files. Management also wants to express appreciation for bringing these issues to our attention. Management is very interested in making certain all procedures are currently being done correctly to the best of our ability.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and those charged with governance and is not intended to be, and should not be used by anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

April 16, 2010



**Mary Taylor, CPA**  
Auditor of State

**MONTVILLE TOWNSHIP**

**GEAUGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 6, 2010**