



Mary Taylor, CPA
Auditor of State

**PARKMAN TOWNSHIP
GEAUGA COUNTY**

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Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Parkman Township
Geauga County
16295 Main Market Road
P.O. Box 668
Parkman, Ohio 44080

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Parkman 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 and Investments

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 Cash Summary by Fund Reports to the December 31, 2007 balances in the prior year audited statements. We noted the General Fund and Combined Special Revenue Fund Balances at January 1, 2008 did not agree to the balances at December 31, 2007. This was due to a previous audit adjustment in which \$785 and \$166 of investment income was not posted to the General and Combined Special Revenue Funds, respectively, by the Township until November 2008.
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 Cash Summary by Fund Reports. 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.
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.

Cash and Investments (Continued)

6. We selected all the 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 Revenue Ledger Report. Each deposit in transit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We tested investments held at December 31, 2009 and December 31, 2008 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted 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 Revenue Ledger Report. We also traced the advances noted on the Statement to the Revenue Ledger Report. 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 Revenue 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 four in 2008.We noted the Revenue 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 Revenue Ledger Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed five receipts from 2009 and five receipts from 2008 from the amounts paid from the Geauga County Auditor to the Township. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Over-The-Counter Cash Receipts

We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2009 and 10 over-the-counter cash receipts from the year ended 2008 and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Revenue Ledger Report. The amounts agreed.
- b. Amount charged complied with rates in force during the period. We found no exceptions.
- c. Receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.

Debt

1. We inquired of management, and scanned the Revenue Ledger Report and Payment Register Detailed Report for evidence of bonded or note debt issued during 2009 or 2008 or outstanding as of December 31, 2009 or 2008. All debt noted agreed to the summary we used in step 2.
2. We obtained a summary of bonded debt activity for 2009 and 2008 and agreed principal and interest payments from the related debt amortization schedule to debt service fund payments reported in the Payment Register Detailed Report. We also compared the date the debt service payments were due to the date the Township made the payments. We noted that a portion of the 2009 principal payment in the amount of \$444 was paid out of the General Fund due to the lack of available cash in the Debt Service Fund.

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 Employee Detail Adjustment Report 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 and fund to which the check should be charged.
 - d. Retirement system participation and payroll withholding.
 - e. Federal and State income tax withholding authorization and withholding.
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

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 determined whether the fund and account code to which the check was posted was reasonable based on the employees' duties as documented in the minute record or as required by Ohio Rev. Code Sections 505.24 and 507.09. We also determined whether the payment was posted to the proper year. We found no exceptions.

Payroll Cash Disbursements (Continued)

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:

Withholding	Date Due	Date Paid	Amount Withheld	Amount Paid
Federal income taxes	January 31, 2010	December 30, 2009	\$2,099.38	\$2,099.38
State income taxes	January 15, 2010	December 30, 2009	\$343.26	\$343.26
OPERS retirement (withholding plus employer share)	January 30, 2010	December 30, 2009	\$3,259.31	\$3,259.31

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

We haphazardly selected ten disbursements from the Payment Register Detail 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 Payment Register Detail 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 seven instances where the certification date was after the vendor invoice date. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should precede the invoice date.

Compliance – Budgetary

1. We compared the total from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Budget Report for the General, Road and Bridge, and Special Levy - Fire funds for the years ended December 31, 2009 and 2008. The Revenue Budget Report recorded budgeted (i.e. certified) resources for the General, Road and Bridge, and Special Levy – Fire funds of \$290,358, \$193,673 and \$145,584, respectively, for 2009. However, the final *Amended Official Certificate of Estimated Resources* reflected \$241,760, \$196,728 and \$147,677, respectively. In addition, the Revenue Budget Report recorded budgeted (i.e. certified) resources for the General, Road and Bridge, and Special Levy – Fire funds of \$234,723, \$88,101 and \$141,117, respectively, for 2008. However, the final *Amended Official Certificate of Estimated Resources* reflected \$237,943, \$90,563 and \$145,147, respectively. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.

Compliance – Budgetary (Continued)

2. We scanned the appropriation measures adopted for 2009 and 2008 to determine whether, for the General, Road and Bridge, and Special Levy – Fire 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 Appropriation Status Report for 2009 and 2008 for the following funds: the General, Road and Bridge, and Special Levy – Fire funds. The Appropriation Status Report recorded appropriations for the General fund of \$434,923 for 2009. However, the Permanent Annual Appropriation Resolution reflected \$392,128. The fiscal officer should periodically compare amounts recorded in the Appropriation Status Report to amounts recorded on the Permanent Annual Appropriation Resolution to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
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 Special Levy – Fire funds for the years ended December 31, 2009 and 2008. We noted that General Fund appropriations for 2009 exceeded certified resources by \$2,204, contrary to Ohio Rev. Code Section 5705.39. The Trustees should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Township to incur fund balance deficits.
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 Special Levy – Fire funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report 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 that the Trustees established the Kool-Aid/KaBoom Grant Fund during 2009. However, Ohio Rev. Code Section 5705.09 does not require establishing this fund (i.e., there are no external restrictions limiting the use of its cash). Therefore, Ohio Rev. Code Section 5705.12 requires the Township to obtain the Auditor of State's permission to establish this fund. We noted the Township obtained this permission.
7. We scanned the 2009 and 2008 Revenue Ledger Reports and and Appropriation Status 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 Appropriation Status Reports 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 Payment Register Detail report 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 a cab and chassis purchase exceeding \$25,000, subject to Ohio Rev. Code Section 515.07. For this project, we noted that the Board advertised the project in a local newspaper, and selected the lowest responsible bidder.

2. We inquired of management and scanned the Payment Register Detail Report 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.

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

May 4, 2010



Mary Taylor, CPA
Auditor of State

PARKMAN 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
JUNE 22, 2010**