



Dave Yost • Auditor of State



**THOMPSON TOWNSHIP  
GEAUGA COUNTY**

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

Thompson Township  
Geauga County  
PO Box 204  
Thompson, OH 44086

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Thompson 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, 2011 and 2010, 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, 2011 and December 31, 2010 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2010 beginning fund balances recorded in the Cash Journal Report to the December 31, 2009 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, 2011 and 2010 fund cash balances reported in the Cash Journal Report. The amounts agreed.
4. We observed the December 31, 2011 bank account balance with the Township's financial institution's website. We found no exceptions. The balance agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2011 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2011 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. 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 2011 and one from 2010:

- a. We traced the gross receipts from the *Statement* to the amount recorded in the Ledger Report. We also traced the advances noted on the Statement to the Ledger Report. The amounts agreed.
  - b. We determined whether the receipt was allocated to the proper funds 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 Ledger Report to determine whether it included two real estate tax plus four advances for 2011 and 2010. We noted the Ledger Report included the proper number of tax receipts for each year.
  3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2011 and five from 2010. We also selected five receipts from the Geauga County Auditor to the Township from 2011 and five from 2010.
    - a. We compared the amount from the above reports to the amount recorded in the 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.

**Debt**

1. From the prior agreed-upon procedures documentation, we noted the following loans outstanding as of December 31, 2009. These amounts agreed to the Townships January 1, 2010 balances on the summary we used in step 3.

| Issue                            | Principal outstanding as of December 31, 2009: |
|----------------------------------|--|
| All Points – Deutsche Bank Lease | \$87,093                                       |
| Dewey Road – OPWC                | \$24,678                                       |

2. We inquired of management, and scanned the Ledger Report for evidence of debt issued during 2011 or 2010 or debt payment activity during 2011 or 2010. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of debt activity for 2011 and 2010 and agreed principal and interest payments from the related debt amortization schedules to debt service fund payments reported in the Ledger Report. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.
4. For new debt issued during 2010, we inspected the debt legislation, noting the Township must use the proceeds to purchase an ambulance. We scanned the Ledger Report and noted the Township purchased an ambulance in November of 2010.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2011 and one payroll check for five employees from 2010 from the Payroll Check Register Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Check Register Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.

- b. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the personnel files, minute record, or as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2011 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2011. We noted the following:

| <b>Withholding<br/>(plus employer<br/>share, where<br/>applicable)</b> | <b>Date Due</b>  | <b>Date Paid</b>  | <b>Amount Due</b> | <b>Amount Paid</b> |
|--|------------------|-------------------|-------------------|--------------------|
| Federal income<br>taxes & Medicare                                     | January 31, 2012 | January 12, 2012  | \$7,556.77        | \$7,556.77         |
| State income taxes   | January 15, 2012 | December 30, 2012 | \$985.22          | \$985.22           |
| OPERS retirement   | January 30, 2012 | January 11, 2012  | \$3,743.37        | \$3,743.37         |

#### **Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Ledger Report for the year ended December 31, 2011 and ten from the year ended 2010 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 Ledger 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 estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Ledger Report for the General, Police District, and Road and Bridge Funds for the years ended December 31, 2011 and 2010. The amounts agreed.
2. We scanned the appropriation measures adopted for 2011 and 2010 to determine whether, for the General, Police District and Road and Bridge 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 Sections 5705.38 and 5705.40, to the amounts recorded in the Budget Report for 2011 and 2010 for the following funds: General, Police District, and Road and Bridge Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Budget Report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Police District, and Road and Bridge Funds for the years ended December 31, 2011 and 2010. 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, 2011 and 2010 for the General, Police District and Road and Bridge Funds, as recorded in the Budget 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 Ledger Report for evidence of new restricted receipts requiring a new fund during December 31, 2011 and 2010. 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 2011 and 2010 Ledger Reports and Budget Reports for evidence of interfund transfers which Ohio Rev. Code Sections 5705.14 -- .16 restrict. There were no transfers identified in 2011 or 2010. 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 Budget 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 Expenditure Ledger report for the years ended December 31, 2011 and 2010 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 (\$50,000 effective September 29, 2011) (Ohio Rev. Code Section 5549.21)
  - b. Construction and erection of a memorial building or monument costs exceeding \$25,000 (\$50,000 effective September 29, 2011) (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 (\$50,000 effective September 29, 2011) (Ohio Rev. Code Section 515.01 & 515.07)
  - e. Building modification costs exceeding \$25,000 (\$50,000 effective September 29, 2011) to achieve energy savings (Ohio Rev. Code Section 505.264)
  - f. Private sewage collection tile costs exceeding \$25,000 (\$50,000 effective September 29, 2011) (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))
  - h. Maintenance and repair of roads exceeding \$45,000 (Ohio Rev. Code Section 5575.01)
  - i. Construction or reconstruction of a township road exceeding \$15,000/per mile (Ohio Rev. Code Section 5575.01)

We identified a maintenance and repair of road exceeding \$45,000 in 2011, subject to (Ohio Rev. Code Section 5575.01) We also noted a project for building modification costs exceeding \$25,000 (\$50,000 effective September 29, 2011) subject to Ohio Rev. Code Section 515.01 and 515.07. For both projects, we noted that the Board advertised the project in a local newspaper, and selected the lowest responsive and responsible bidder.



2. We inquired of management and scanned the Expenditure Ledger for the years ended December 31, 2011 and 2010 to determine if the township proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct township roads (cost of project \$5,000-\$15,000/per mile) 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, Trustees, and others within the Township, and is not intended to be, and should not be used by anyone other than these specified parties.

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

**Dave Yost**  
Auditor of State

September 27, 2012

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# Dave Yost • Auditor of State

**THOMPSON 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  
OCTOBER 11, 2012**