



**PARKMAN TOWNSHIP
GEAUGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PARKMAN TOWNSHIP
GEAUGA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Parkman Township
Geauga County
PO Box 688
Parkman, Ohio 44080

To the Board of Trustees:

We have audited the accompanying financial statements of Parkman Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Parkman Township, Geauga County, Ohio, as of December 31, 2001 and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management and the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 1, 2002

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**PARKMAN TOWNSHIP
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$64,839	\$196,123	\$5,355	\$266,317
Intergovernmental	125,719	85,148	0	210,867
Special Assessments	0	0	7,191	7,191
Charges for Services	0	1,616	0	1,616
Licenses, Permits, and Fees	7,983	7,075	0	15,058
Earnings on Investments	10,486	2,414	0	12,900
Other Revenue	34,012	12,460	0	46,472
	<u>243,039</u>	<u>304,836</u>	<u>12,546</u>	<u>560,421</u>
Total Cash Receipts				
	<u>243,039</u>	<u>304,836</u>	<u>12,546</u>	<u>560,421</u>
Cash Disbursements:				
Current:				
General Government	99,260	0	0	99,260
Public Safety	0	59,167	0	59,167
Public Works	46,575	156,969	0	203,544
Health	0	10,453	0	10,453
Debt Service:				
Redemption of Principal	0	0	15,501	15,501
Interest and Fiscal Charges	0	0	3,261	3,261
	<u>145,835</u>	<u>226,589</u>	<u>18,762</u>	<u>391,186</u>
Total Cash Disbursements				
	<u>145,835</u>	<u>226,589</u>	<u>18,762</u>	<u>391,186</u>
Total Receipts Over/(Under) Disbursements	<u>97,204</u>	<u>78,247</u>	<u>(6,216)</u>	<u>169,235</u>
Other Financing Receipts:				
Other Sources	<u>3,266</u>	<u>0</u>	<u>0</u>	<u>3,266</u>
Total Other Financing Receipts	<u>3,266</u>	<u>0</u>	<u>0</u>	<u>3,266</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	100,470	78,247	(6,216)	172,501
Fund Cash Balances, January 1, 2001	<u>128,551</u>	<u>221,269</u>	<u>17,755</u>	<u>367,575</u>
Fund Cash Balances, December 31, 2001	<u>\$229,021</u>	<u>\$299,516</u>	<u>\$11,539</u>	<u>\$540,076</u>
Reserve for Encumbrances, December 31, 2001	<u>\$6,423</u>	<u>\$5,636</u>	<u>\$0</u>	<u>\$12,059</u>

The notes to the financial statements are an integral part of this statement.

**PARKMAN TOWNSHIP
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Agency</u>	
Cash Receipts:						
Local Taxes	\$64,163	\$162,239	\$23,914	\$0	\$0	\$250,316
Intergovernmental	103,778	79,567	0	65,507	93,582	342,434
Special Assessments	0	0	7,376	0	0	7,376
Charges for Services	0	600	0	0	0	600
Licenses, Permits, and Fees	3,681	4,250	0	0	0	7,931
Earnings on Investments	13,925	3,225	0	0	0	17,150
Other Revenue	<u>22,040</u>	<u>14,263</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,303</u>
 Total Cash Receipts	 <u>207,587</u>	 <u>264,144</u>	 <u>31,290</u>	 <u>65,507</u>	 <u>93,582</u>	 <u>662,110</u>
Cash Disbursements:						
Current:						
General Government	122,903	0	0	0	0	122,903
Public Safety	0	51,855	0	0	0	51,855
Public Works	30,107	166,091	0	0	0	196,198
Health	7,552	13,657	0	0	0	21,209
Debt Service:						
Redemption of Principal	0	0	22,233	0	0	22,233
Interest and Fiscal Charges	0	0	5,249	0	0	5,249
Capital Outlay	<u>83,075</u>	<u>107,158</u>	<u>0</u>	<u>65,507</u>	<u>93,582</u>	<u>349,322</u>
 Total Cash Disbursements	 <u>243,637</u>	 <u>338,761</u>	 <u>27,482</u>	 <u>65,507</u>	 <u>93,582</u>	 <u>768,969</u>
 Total Receipts Over/(Under) Disbursements	 <u>(36,050)</u>	 <u>(74,617)</u>	 <u>3,808</u>	 <u>0</u>	 <u>0</u>	 <u>(106,859)</u>
Other Financing Receipts:						
Other Sources	<u>432</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>432</u>
 Total Other Financing Receipts	 <u>432</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>432</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	 <u>(35,618)</u>	 <u>(74,617)</u>	 <u>3,808</u>	 <u>0</u>	 <u>0</u>	 <u>(106,427)</u>
 Fund Cash Balances, January 1, 2000	 <u>164,169</u>	 <u>295,886</u>	 <u>13,947</u>	 <u>0</u>	 <u>0</u>	 <u>474,002</u>
 Fund Cash Balances, December 31, 2000	 <u>\$128,551</u>	 <u>\$221,269</u>	 <u>\$17,755</u>	 <u>\$0</u>	 <u>\$0</u>	 <u>\$367,575</u>
 Reserve for Encumbrances, December 31, 2000	 <u>\$2,368</u>	 <u>\$8,468</u>	 <u>\$0</u>	 <u>\$0</u>	 <u>\$0</u>	 <u>\$10,836</u>

The notes to the financial statements are an integral part of this statement.

**PARKMAN TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Parkman Township, Geauga County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general government services including park operations (recreation), road and bridge maintenance, and a part-time fire department. The Township contracts with the Geauga County Sheriff's Department for police protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values reported by the mutual fund.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money to construct, maintain and repair Township roads and bridges.

**PARKMAN TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds (Continued)

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

Fire Levy Fund - This fund receives property tax money which is used to provide fire protection to Township residents.

Debt Service Funds

Debt service funds are used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Funds:

Bond Retirement Fund - This fund receives property tax money for the retirement of road improvement bonds.

Grand River Estates - This fund receives special assessment money which is used to retire debt associated with the Grand River Estate subdivision.

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Projects Fund:

Reynolds Road Fund - The Township received Issue II money to repair Reynolds Road.

Fiduciary Fund - Agency Fund

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant Agency Fund:

Reynolds Road Agency Fund - The Township received Issue II money on behalf of two other townships to repair Reynolds Road.

E. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**PARKMAN TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 also 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 reappropriated.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2001	2000
Demand deposits	\$337,406	\$162,044
Certificates of deposit	162,795	156,720
Total deposits	500,201	318,764
Money Market Fund	39,875	48,811
Total investments	39,875	48,811
Total deposits and investments	\$540,076	\$367,575

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

**PARKMAN TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$207,916	\$246,305	\$38,389
Special Revenue	252,645	304,836	52,191
Debt Service	30,485	12,546	(17,939)
Total	\$491,046	\$563,687	\$72,641

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$336,532	\$152,258	\$184,274
Special Revenue	473,914	232,225	241,689
Debt Service	48,240	18,762	29,478
Total	\$858,686	\$403,245	\$455,441

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$180,520	\$208,019	\$27,499
Special Revenue	242,488	264,144	21,656
Debt Service	47,829	31,290	(16,539)
Capital Projects	170,000	65,507	(104,493)
Total	\$640,837	\$568,960	(\$71,877)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$343,619	\$246,005	\$97,614
Special Revenue	507,830	347,229	160,601
Debt Service	61,776	27,482	34,294
Capital Projects	70,000	65,507	4,493
Total	\$983,225	\$686,223	\$297,002

**PARKMAN TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property with the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Road Improvement Bonds	\$46,722	5.5%

The road improvement bonds were issued in anticipation of the collection of special assessments levied against the respective property owners.

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

Year ending December 31:	Road Improvement Bonds
2002	\$7,376
2003	7,376
2004	7,376
2005	7,376
2006	7,376
Subsequent	22,127
Total	\$59,007

**PARKMAN TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RETIREMENT SYSTEMS

The Public Employees Retirement System (PERS) of Ohio is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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



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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Parkman Township
Geauga County
PO Box 688
Parkman, Ohio 44080

To the Board of Trustees:

We have audited the accompanying financial statements of Parkman Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated April 1, 2002. We conducted our audits in accordance 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.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated April 1, 2002.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 1, 2002.

Parkman Township
Geauga County
Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

April 1, 2002



STATE OF OHIO
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JIM PETRO, AUDITOR OF STATE

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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
MAY 9, 2002**