



Dave Yost • Auditor of State

**CHAGRIN FALLS TOWNSHIP
CUYAHOGA COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|---|-------------|
| Independent Accountants' Report on Applying Agreed-Upon Procedures..... | 1 |

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Chagrin Falls Township
Cuyahoga County
83 North Main St.
Chagrin Falls, OH 44022

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Chagrin Falls Township (the Township) agreed, solely to assist the Board of Trustees 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 and Investments

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 Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances Report to the December 31, 2009 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2011 and 2010 Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances Report. The amounts agreed.
4. We confirmed the December 31, 2011 bank account balances with the Township's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2011 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) 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.

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Cash and Investments (Continued)

6. We tested investments held at December 31, 2011 and December 31, 2010 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 2011 and one from 2010:
 - 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 *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 Receipts Register Report to determine whether it included two real estate tax receipts plus advance for 2011 and 2010. We noted the Receipts Register 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 all receipts from 2010. We also selected five receipts from the County Auditor's DTLs from 2011 and five from 2010.
 - a. We compared the amounts from the above reports to the amounts recorded in the Township Accounting Ledger. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund(s). However, we noted that all receipts posted to the Township's Fire District Fund were done so incorrectly. Receipts were erroneously posted as tax revenue instead of intergovernmental revenue, totaling \$1,120 for 2011 and \$1,149 for 2010. The Fiscal officer should ensure that receipts are posted to the proper line item.
 - a. We determined whether these 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, 2011 and 10 over-the-counter cash receipts from the year ended December 31, 2010 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Township Accounting Ledger. 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(s), and was recorded in the proper year. We found no exceptions.

Debt

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2009.
2. We inquired of management, and scanned the Township accounting ledger for evidence of debt issued during 2011 or 2010 or debt payment activity during 2011 or 2010. We noted no new debt issuances, nor any debt payment activity during 2011 or 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 Employee Detail and Adjustment Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Detail and Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). No exceptions noted.
 - 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 were reasonable based on the employees' duties as documented in the employees' personnel files / minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we determined whether the following information in the employees personnel file / Minute records 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. 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.

3. 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:

| Withholding | Date Due | Date Paid | Amount | Amount Paid |
|--|-----------------|------------------|---------------|--------------------|
| State Income Tax | 1/31/2012 | 1/23/2012 | \$18.00 | \$18.00 |
| OPERS Retirement (withholding plus employer share) | 1/31/2012 | 1/21/2012 | \$198.70 | \$198.70 |

Non-Payroll Cash Disbursements

1. For the Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances, we re-footed checks recorded as General Fund disbursements for public safety, and checks recorded as public works in the Gasoline Tax Fund for 2011 and 2010. We found no exceptions.
2. We haphazardly selected ten disbursements from the Township Accounting Ledger for the year ended December 31, 2011 and ten disbursements 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 Township Accounting Ledger 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 Comparison of Budgeted and Actual Receipts Report for the General Fund, Gasoline Tax Fund and the Fire Levy Fund for the years ended December 31, 2011 and 2010. The amounts on the *Certificate* did not agree to the amount recorded in the accounting system. The Comparison of Budgeted and Actual Receipts Report recorded budgeted (i.e. certified) resources for 2011 as \$116,362 (General Fund), \$90,840 (Gasoline Tax Fund), and \$12,385 (Fire Levy Fund). However, the 2011 final *Amended Official Certificate of Estimated Resources* reflected \$94,032 (General Fund), \$90,000 (Gasoline Tax Fund), and \$10,046 (Fire Levy Fund). Similarly, for 2010, the Comparison of Budgeted and Actual Receipts Report recorded budgeted resources at \$93,775 (General Fund), \$88,158 (Gasoline Tax Fund), and \$15,878 (Fire Levy Fund). However, the 2010 final *Amended Official Certificate of Estimated Resources* reflected \$90,677 (General Fund), \$87,767 (Gasoline Tax Fund), and \$11,805 (Fire Levy Fund). The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the final *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.
2. We scanned the appropriation measures adopted for 2011 and 2010 to determine whether, for the General Fund, Gasoline Tax Fund and Fire Levy Fund, 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 Appropriation Status Report for 2011 and 2010 for the following funds: General Fund, Gasoline Tax Fund, and Fire Levy Fund. The amounts on the 2011 Appropriation Resolution/Measure did not agree to the 2011 Appropriation Status Report for the Fire Levy Fund, however the amounts on the 2010 Appropriation Measure/Resolutions agreed to the amounts recorded on the 2010 Appropriation Status Report. The fiscal officer should periodically compare amounts recorded in the Appropriation Status Report to amounts recorded on the approved Appropriation Measure/Resolution.

Compliance – Budgetary (Continued)

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 Fund, Gasoline Tax Fund and Fire Levy Fund for the years ended December 31, 2011 and 2010. We noted that the Fire Levy Fund appropriations for 2010 exceeded certified resources by \$2,777 in 2011 and \$3,175 in 2010, 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, 2011 and 2010 for the General Fund, Gasoline Tax Fund, and Fire Levy Fund, 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 Township Accounting Ledger 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 Revenue Status Reports and Appropriation Status Reports for evidence of inter-fund 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 or 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 Township Accounting Ledger 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)

Compliance – Contracts & Expenditures (Continued)

- 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 no purchases subject to the aforementioned bidding requirements.

- 2. We inquired of management and scanned the Township Accounting 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.

Officials' Responses: For all the comments noted above, we understand, and review more closely in the future.

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, those charged with governance and others within the Township, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

January 9, 2013



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CHAGRIN FALLS TOWNSHIP

CUYAHOGA 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
JANUARY 22, 2013