



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Parkman Township
Geauga County
P.O. 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, 1999 and December 31, 1998. 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 generally accepted auditing standards 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 provide 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, as of December 31, 1999 and December 31, 1998, 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 February 29, 2000 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.

This report is intended solely for the information and use of the Board of Trustees, management, 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

February 29, 2000

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**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local Taxes	\$50,709	\$100,509	\$48,787	\$0	\$200,005
Intergovernmental	123,435	81,699	0	0	205,134
Licenses, Permits, and Fees	3,255	5,100	0	0	8,355
Special Assessments	0	0	43,316	0	43,316
Charges for Services	0	1,555	0	0	1,555
Earnings on Investments	9,550	1,885	0	0	11,435
Other Revenue	20,360	7,540	0	0	27,900
Total Cash Receipts	207,309	198,288	92,103	0	497,700
Cash Disbursements:					
Current:					
General Government	81,798	0	0	0	81,798
Public Safety	0	25,391	0	0	25,391
Public Works	101,890	86,795	0	0	188,685
Health	7,595	1,220	0	0	8,815
Debt Service:					
Redemption of Principal	0	0	143,418	12,975	156,393
Interest and Fiscal Charges	0	0	7,132	0	7,132
Capital Outlay	0	0	0	3,869	3,869
Total Cash Disbursements	191,283	113,406	150,550	16,844	472,083
Total Receipts Over/(Under) Disbursements	16,026	84,882	(58,447)	(16,844)	25,617
Other Financing Receipts/(Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Bonds	0	0	54,145	0	54,145
Other Sources	8,317	0	0	0	8,317
Total Other Financing Receipts/(Disbursements)	8,317	0	54,145	0	62,462
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	24,343	84,882	(4,302)	(16,844)	88,079
Fund Cash Balances, January 1	139,798	211,005	18,249	16,844	385,896
Fund Cash Balances, December 31	\$164,141	\$295,887	\$13,947	\$0	\$473,975
Reserve for Encumbrances, December 31	\$6,465	\$21,852	\$0	\$0	\$28,317

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local Taxes	\$53,581	\$112,526	\$46,212	\$0	\$212,319
Intergovernmental	98,015	77,392	0	0	175,407
Licenses, Permits, and Fees	4,137	4,975	0	0	9,112
Special Assessments	0	33	0	0	33
Charges for Services	0	2,130	0	0	2,130
Earnings on Investments	10,151	1,659	0	0	11,810
Other Revenue	14,345	6,158	0	0	20,503
Total Cash Receipts	180,229	204,873	46,212	0	431,314
Cash Disbursements:					
Current:					
General Government	84,668	0	0	0	84,668
Public Safety	0	27,955	0	0	27,955
Public Works	40,943	99,511	0	0	140,454
Health	7,079	9,344	0	0	16,423
Debt Service:					
Redemption of Principal	0	0	45,955	0	45,955
Interest and Fiscal Charges	0	0	7,809	0	7,809
Capital Outlay	35,000	34,101	0	88,156	157,257
Total Cash Disbursements	167,690	170,911	53,764	88,156	480,521
Total Receipts Over/(Under) Disbursements	12,539	33,962	(7,552)	(88,156)	(49,207)
Other Financing Receipts/(Disbursements):					
Proceeds from Sale of Public Debt:					
Other Proceeds from Sale of Public Debt	0	0	0	105,000	105,000
Other Sources	14,845	0	0	0	14,845
Total Other Financing Receipts/(Disbursements)	14,845	0	0	105,000	119,845
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	27,384	33,962	(7,552)	16,844	70,638
Fund Cash Balances, January 1	112,414	177,043	25,801	0	315,258
Fund Cash Balances, December 31	\$139,798	\$211,005	\$18,249	\$16,844	\$385,896
Reserve for Encumbrances, December 31	\$6,760	\$2,373	\$0	\$0	\$9,133

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

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 governmental services including park operations (recreation) and part-time fire department. The Township contracts with the Geauga County Sheriff's department for the security of persons and property.

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

The Township invested in money market savings accounts which have no specific maturity dates.

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 by law or contract to be restricted.

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 tax money for constructing, maintaining and repairing Township streets.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Bond Retirement Fund - This fund receives the proceeds from road improvement bonds and special assessments which are used to retire road improvement bonds.

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 trust funds). The Township had the following significant Capital Project Fund:

Grand River Estates Fund - This fund receives money from a loan which is used to account for the construction costs associated with the development of roads in the grand river estate subdivision.

E. Budgetary Process

The Ohio Revised Code requires that each fund 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.

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 1999 and 1998 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.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments 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:

	1999	1998
Total demand deposits	\$473,975	\$385,896

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$155,108	\$215,626	\$60,518
Special Revenue	197,355	198,288	933
Debt Service	146,248	146,248	0
Total	\$498,711	\$560,162	\$61,451

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$288,147	\$197,748	\$90,399
Special Revenue	398,699	135,258	263,441
Debt Service	171,784	150,550	21,234
Capital Projects	16,844	16,844	0
Total	\$875,474	\$500,400	\$375,074

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$149,081	\$195,074	\$45,993
Special Revenue	186,390	204,873	18,483
Debt Service	33,869	46,212	12,343
Capital Projects	105,000	105,000	0
Total	\$474,340	\$551,159	\$76,819

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$253,428	\$174,450	\$78,978
Special Revenue	320,207	173,284	146,923
Debt Service	59,669	53,764	5,905
Capital Projects	105,000	88,156	16,844
Total	\$738,304	\$489,654	\$248,650

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 payments, 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, billing, collecting, and distributing all property taxes on behalf of the Township.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$96,832	5.5%
Road Improvement Bonds	54,145	5.5%
Total	\$150,977	

The general obligation notes were issued to purchase a fire truck for the fire department. The notes are collateralized by the fire truck. 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 schedules as follows:

Year Ending December 31:	Road Improvement Bonds	General Obligation Notes
2000	\$7,376	\$23,914
2001	7,376	23,109
2002	7,376	22,240
2003	7,376	21,333
2004	7,376	20,376
Subsequent	36,879	0
Total	\$73,759	\$110,972

6. RETIREMENT SYSTEMS

Employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including post retirement 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 1999 and 1998, members of PERS contributed 8.5% of their gross salaries to the PERS. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

Parkman Township
Geauga County
P.O. Box 688
Parkman, Ohio 44080

To the Board of Trustees:

We have audited the financial statements of Parkman Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated February 29, 2000. We conducted our audits in accordance with generally accepted auditing standards 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter date February 29, 2000.

This report is intended 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

February 29, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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
APRIL 18, 2000**