



**MONTGOMERY TOWNSHIP
WOOD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MONTGOMERY TOWNSHIP
WOOD COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Montgomery Township
Wood County
P.O. Box 462
Bradner, Ohio 43406-0462

To the Board of Trustees:

We have audited the accompanying financial statements of Montgomery Township, Wood County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. 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 the Township as of December 31, 2000 and 1999, 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 May 24, 2001 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 audit.

This report is intended solely for the information and use of the audit committee, management, 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

May 24, 2001

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**MONTGOMERY TOWNSHIP
WOOD 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$47,713	\$161,953		\$209,666
Intergovernmental	85,258	99,451		184,709
Licenses, Permits, and Fees		9,500		9,500
Earnings on Investments	9,149	3,799	\$413	13,361
Other Revenue	1,752	6,563		8,315
	<u>143,872</u>	<u>281,266</u>	<u>413</u>	<u>425,551</u>
Total Cash Receipts				
	<u>143,872</u>	<u>281,266</u>	<u>413</u>	<u>425,551</u>
Cash Disbursements:				
Current:				
General Government	54,211	1,023		55,234
Public Works	3,680	137,236		140,916
Health	7,082	6,193	143	13,418
Capital Outlay	8,587	114,756		123,343
	<u>73,560</u>	<u>259,208</u>	<u>143</u>	<u>332,911</u>
Total Cash Disbursements				
	<u>73,560</u>	<u>259,208</u>	<u>143</u>	<u>332,911</u>
Total Receipts Over Disbursements	<u>70,312</u>	<u>22,058</u>	<u>270</u>	<u>92,640</u>
Other Financing Receipts:				
Other Sources	613			613
	<u>613</u>			<u>613</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	<u>70,925</u>	<u>22,058</u>	<u>270</u>	<u>93,253</u>
Fund Cash Balances, January 1	<u>132,592</u>	<u>193,531</u>	<u>17,505</u>	<u>343,628</u>
Fund Cash Balances, December 31	<u>\$203,517</u>	<u>\$215,589</u>	<u>\$17,775</u>	<u>\$436,881</u>
Reserve for Encumbrances, December 31	<u>\$26,500</u>	<u>\$54,791</u>		<u>\$81,291</u>

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

**MONTGOMERY TOWNSHIP
WOOD 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, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$37,697	\$152,302		\$189,999
Intergovernmental	62,694	98,315		161,009
Licenses, Permits, and Fees		11,651		11,651
Earnings on Investments	7,320	3,369	\$458	11,147
Other Revenue	1,559	10,204		11,763
	<u>109,270</u>	<u>275,841</u>	<u>458</u>	<u>385,569</u>
Total Cash Receipts				
	<u>109,270</u>	<u>275,841</u>	<u>458</u>	<u>385,569</u>
Cash Disbursements:				
Current:				
General Government	58,503	819		59,322
Public Works	3,537	107,707		111,244
Health	8,476	6,831	2,301	17,608
Capital Outlay	7,514	136,415		143,929
	<u>78,030</u>	<u>251,772</u>	<u>2,301</u>	<u>332,103</u>
Total Cash Disbursements				
	<u>78,030</u>	<u>251,772</u>	<u>2,301</u>	<u>332,103</u>
Total Receipts Over/(Under) Disbursements	<u>31,240</u>	<u>24,069</u>	<u>(1,843)</u>	<u>53,466</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			2,089	2,089
Transfers-Out			(2,089)	(2,089)
Other Sources	474			474
	<u>474</u>			<u>474</u>
Total Other Financing Receipts/(Disbursements)				
	<u>474</u>			<u>474</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>31,714</u>	<u>24,069</u>	<u>(1,843)</u>	<u>53,940</u>
Fund Cash Balances, January 1	<u>100,878</u>	<u>169,462</u>	<u>19,348</u>	<u>289,688</u>
Fund Cash Balances, December 31	<u><u>\$132,592</u></u>	<u><u>\$193,531</u></u>	<u><u>\$17,505</u></u>	<u><u>\$343,628</u></u>
Reserve for Encumbrances, December 31		<u><u>\$54,791</u></u>		<u><u>\$54,791</u></u>

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

**MONTGOMERY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Montgomery Township, Wood County, (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 road and bridge maintenance, cemetery maintenance, and fire 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

Savings bonds are valued at face value.

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:

1. 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.

2. 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:

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Fire Protection Levy Fund - This fund receives property tax money for the purchase and maintenance of fire equipment.

**MONTGOMERY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had various Expendable Trust Funds which utilize the interest earnings and principal for purchasing flowers for graves.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. 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.

2. 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.

3. 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 2000 and 1999 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. 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 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:

**MONTGOMERY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

	<u>2000</u>	<u>1999</u>
Demand deposits	\$435,381	\$342,128
Savings bonds	<u>1,500</u>	<u>1,500</u>
Total deposits and investments	<u><u>\$436,881</u></u>	<u><u>\$343,628</u></u>

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

Investments: U.S. savings bonds are held by the Township's financial institution, which maintains records identifying the Township as owner of these securities.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$140,585	\$144,485	\$3,900
Special Revenue	268,023	281,266	13,243
Fiduciary	<u>509</u>	<u>413</u>	<u>(96)</u>
Total	<u><u>\$409,117</u></u>	<u><u>\$426,164</u></u>	<u><u>\$17,047</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$229,853	\$100,060	\$129,793
Special Revenue	422,911	313,999	108,912
Fiduciary	<u>18,014</u>	<u>143</u>	<u>17,871</u>
Total	<u><u>\$670,778</u></u>	<u><u>\$414,202</u></u>	<u><u>\$256,576</u></u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$109,463	\$109,744	\$281
Special Revenue	275,723	275,841	118
Fiduciary	<u>406</u>	<u>2,547</u>	<u>2,141</u>
Total	<u><u>\$385,592</u></u>	<u><u>\$388,132</u></u>	<u><u>\$2,540</u></u>

**MONTGOMERY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$184,833	\$78,030	\$106,803
Special Revenue	388,016	306,563	81,453
Fiduciary	19,754	4,390	15,364
Total	\$592,603	\$388,983	\$203,620

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 to 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, 2000 was as follows:

	Principal	Interest Rate
Lease/Purchase	\$30,403	5.75%

The Township entered into a five-year lease/purchase agreement as lessee for financing the acquisition of a mower tractor. Payments were due on August 27 of each year, with the last payment due August 27, 2004. The lease included an option to purchase at any time.

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

Year Ending December 31:	Lease/Purchase Agreement	Purchase Option Price
2001	\$8,724	\$23,428
2002	8,724	16,051
2003	8,724	8,250
2004	8,724	
Total	\$34,896	

The Township exercised their option to purchase in March 2001.

**MONTGOMERY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RETIREMENT SYSTEM

The Township's officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (the Authority). The Authority assumes the risk of loss up to the limits of the Township's policy. The Authority may assess supplemental premiums. The following risks are covered by the Authority:

- General liability and casualty;
- Public official's liability; AND
- Vehicle.

The Township also provides health insurance to its full-time employee through a private carrier.

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One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

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

Montgomery Township
Wood County
P.O. Box 462
Bradner, Ohio 43406-0462

To the Board of Trustees:

We have audited the accompanying financial statements of Montgomery Township, Wood County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 24, 2001. 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 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.

Montgomery Township
Wood County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, 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

May 24, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

MONTGOMERY TOWNSHIP

WOOD 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 19, 2001**