



**MONTVILLE TOWNSHIP
GEAUGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MONTVILLE TOWNSHIP
GEAUGA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Montville Township
Geauga County
9755 Madison Road
Montville, Ohio 44064

To the Board of Trustees:

We have audited the accompanying financial statements of Montville 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 audit 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 Montville 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 February 25, 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 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

February 25, 2002

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**MONTVILLE TOWNSHIP
GEAUGA COUNTY**

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Non- Expendable Trust	
Cash Receipts:						
Local Taxes	\$36,784	\$197,580	\$40,916	\$0	\$0	\$275,280
Intergovernmental	66,237	85,153	0	94,324	0	245,714
Charges for Services	0	3,276	0	0	0	3,276
Licenses, Permits, and Fees	0	6,965	0	0	0	6,965
Earnings on Investments	6,206	2,023	0	0	4	8,233
Other Revenue	20,124	40,984	0	0	0	61,108
Total Cash Receipts	129,351	335,981	40,916	94,324	4	600,576
Cash Disbursements:						
Current:						
General Government	71,391	4,900	0	0	0	76,291
Public Safety	395	64,115	0	0	0	64,510
Public Works	8,782	85,621	0	0	0	94,403
Health	0	4,029	0	0	0	4,029
Conservation - Recreation	345	0	0	0	0	345
Debt Service:						
Redemption of Principal	0	0	36,000	0	0	36,000
Interest and Fiscal Charges	0	0	4,916	0	0	4,916
Capital Outlay	8,628	169,392	0	94,324	0	272,344
Total Cash Disbursements	89,541	328,057	40,916	94,324	0	552,838
Total Receipts Over/(Under) Disbursements	39,810	7,924	0	0	4	47,738
Other Financing Receipts/(Disbursements):						
Transfers-In	0	9	0	0	0	9
Transfers-Out	0	0	0	0	(9)	(9)
Other Sources	0	1,400	0	0	0	1,400
Total Other Financing Receipts/(Disbursements)	0	1,409	0	0	(9)	1,400
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	39,810	9,333	0	0	(5)	49,138
Fund Cash Balances, January 1, 2001	176,714	192,611	0	0	356	369,681
Fund Cash Balances, December 31, 2001	\$216,524	\$201,944	\$0	\$0	\$351	\$418,819
Reserve for Encumbrances, December 31, 2001	\$21,580	\$5,962	\$0	\$0	\$0	\$27,542

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

**MONTVILLE TOWNSHIP
GEAUGA COUNTY**

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

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Non- Expendable Trust	
Cash Receipts:					
Local Taxes	\$35,697	\$163,491	\$42,626	\$0	\$241,814
Intergovernmental	65,508	80,132	0	0	145,640
Charges for Services	0	3,425	0	0	3,425
Licenses, Permits, and Fees	0	5,424	0	0	5,424
Earnings on Investments	3,386	0	0	5	3,391
Other Revenue	22,364	24,113	0	0	46,477
Total Cash Receipts	126,955	276,585	42,626	5	446,171
Cash Disbursements:					
Current:					
General Government	63,036	2,984	0	0	66,020
Public Safety	823	38,046	0	0	38,869
Public Works	6,344	75,955	0	0	82,299
Health	5,888	3,958	0	0	9,846
Conservation - Recreation	368	0	0	0	368
Debt Service:					
Redemption of Principal	0	0	36,000	0	36,000
Interest and Fiscal Charges	0	0	6,626	0	6,626
Capital Outlay	22,168	84,693	0	0	106,861
Total Cash Disbursements	98,627	205,636	42,626	0	346,889
Total Receipts Over/(Under) Disbursements	28,328	70,949	0	5	99,282
Other Financing Receipts/(Disbursements):					
Transfers-In	0	10	0	0	10
Transfers-Out	0	0	0	(10)	(10)
Other Sources	0	1,600	0	0	1,600
Total Other Financing Receipts/(Disbursements)	0	1,610	0	(10)	1,600
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	28,328	72,559	0	(5)	100,882
Fund Cash Balances, January 1, 2000	148,386	120,052	0	361	268,799
Fund Cash Balances, December 31, 2000	\$176,714	\$192,611	\$0	\$356	\$369,681
Reserve for Encumbrances, December 31, 2000	\$1,659	\$7,396	\$0	\$0	\$9,055

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

**MONTVILLE TOWNSHIP
GEAUGA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Montville 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township's police protection services are provided by the Geauga County Sheriff.

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.

Certificates of deposit are valued at cost.

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:

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

**MONTVILLE 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)

2. Special Revenue Funds (Continued)

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

Fire District Fund - This fund receives property tax money to provide fire protection to the Township residents.

3. Debt Service Funds

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness. This fund receives property tax money for the retirement of note debt.

4. 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:

Issue II Fund - In 2001, the Township received a grant from the State of Ohio to pave Leggett Road.

5. Non-Expendable Trust Fund (Fiduciary Fund Type)

These funds are used to account for resources restricted by legally binding trust agreements. The agreement requires the Township to maintain the corpus of the trust. The Township had the following Non-Expendable Trust Fund:

Garrett Trust Fund - This fund is used for the purpose of maintaining certain grave sites in the Township's Cemetery.

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 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.

**MONTVILLE 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)

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

	2001	2000
Demand deposits	\$317,334	\$274,401
Certificates of deposit	101,485	95,280
Total Deposits and Investments	\$418,819	\$369,681

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

**MONTVILLE 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	\$112,087	\$129,351	\$17,264
Special Revenue	325,083	337,390	12,307
Debt Service	40,916	40,916	0
Capital Projects	94,324	94,324	0
Non-Expendable Trust	6	4	(2)
Total	<u>\$572,416</u>	<u>\$601,985</u>	<u>\$29,569</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$279,194	\$111,121	\$168,073
Special Revenue	398,620	334,019	64,601
Debt Service	40,916	40,916	0
Capital Projects	94,324	94,324	0
Non-Expendable Trust	20	9	11
Total	<u>\$813,074</u>	<u>\$580,389</u>	<u>\$232,685</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$103,334	\$126,955	\$23,621
Special Revenue	238,469	278,195	39,726
Debt Service	42,626	42,626	0
Non-Expendable Trust	7	5	(2)
Total	<u>\$384,436</u>	<u>\$447,781</u>	<u>\$63,345</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$175,213	\$100,286	\$74,927
Special Revenue	262,322	213,032	49,290
Debt Service	42,626	42,626	0
Non-Expendable Trust	20	10	10
Total	<u>\$480,181</u>	<u>\$355,954</u>	<u>\$124,227</u>

**MONTVILLE 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

In 1999, the Township issued a Promissory Note for the purchase of Fire Equipment with 4.75% interest to be paid over five years.

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

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2002	\$36,000	\$3,206	\$39,206
2003	36,000	1,496	37,496
2004	9,000	107	9,107
Total	<u>\$81,000</u>	<u>\$4,809</u>	<u>\$85,809</u>

6. RETIREMENT SYSTEMS

PERS

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 regular participants' gross salaries. 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.

**MONTVILLE TOWNSHIP
GEAUGA COUNTY**

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

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Commercial automobile insurance
- Public officials liability

The Township also provides health insurance coverage to full-time employees through a private carrier.



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

Montville Township
Geauga County
9755 Madison Road
Montville, Ohio 44064

To the Board of Trustees:

We have audited the accompanying financial statements of Montville 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 February 25, 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*.

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.

This report is intended solely 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

February 25, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MONTVILLE 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
MARCH 21, 2002**