



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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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, 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 the Montville 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 March 14, 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 audit committee, 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.

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

**Jim Petro**  
Auditor of State

March 14, 2000



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

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$27,661	\$148,438	\$35,196	\$0	\$211,295
Intergovernmental	98,196	81,770	0	139,624	319,590
Charges for Services	0	260	0	0	260
Licenses, Permits, and Fees	0	4,770	0	0	4,770
Earnings on Investments	2,515	0	0	0	2,515
Other Revenue	16,070	6,466	0	0	22,536
<b>Total Cash Receipts</b>	<u>144,442</u>	<u>241,704</u>	<u>35,196</u>	<u>139,624</u>	<u>560,966</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	65,968	2,737	0	0	68,705
Public Safety	12,478	34,217	0	0	46,695
Public Works	33,006	92,757	0	0	125,763
Health	5,888	1,539	0	0	7,427
Conservation - Recreation	430	0	0	0	430
Debt Service:					
Redemption of Principal	0	0	41,699	0	41,699
Interest and Fiscal Charges	0	0	6,424	0	6,424
Capital Outlay	14,659	343,517	0	139,624	497,800
<b>Total Cash Disbursements</b>	<u>132,429</u>	<u>474,767</u>	<u>48,123</u>	<u>139,624</u>	<u>794,943</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>12,013</u>	<u>(233,063)</u>	<u>(12,927)</u>	<u>0</u>	<u>(233,977)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceed of Notes	0	180,000	0	0	180,000
Transfers- In	0	9	12,927	0	12,936
Transfers- Out	0	(12,927)	0	0	(12,927)
Other Sources	0	200	0	0	200
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>0</u>	<u>167,282</u>	<u>12,927</u>	<u>0</u>	<u>180,209</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>12,013</u>	<u>(65,781)</u>	<u>0</u>	<u>0</u>	<u>(53,768)</u>
<b>Fund Cash Balances, January 1, 1999</b>	<u>136,373</u>	<u>185,833</u>	<u>0</u>	<u>0</u>	<u>322,206</u>
<b>Fund Cash Balances, December 31, 1999</b>	<u><b>\$148,386</b></u>	<u><b>\$120,052</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$268,438</b></u>
<b>Reserve for Encumbrances, December 31, 1999</b>	<u><b>\$18,103</b></u>	<u><b>\$27,850</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$45,953</b></u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Non-Expendable Trust Fund</b>
<b>Operating Receipts:</b>	
Earnings on Investments	\$5
Total Operating Receipts	5
Total Receipts Over/(Under) Disbursements	5
<b>Income Before Operating Transfers and Advances:</b>	
Transfers-Out	(9)
<b>NET INCOME(LOSS)</b>	4
Fund Cash Balances, January 1, 1999	365
<b>Fund Cash Balances, December 31, 1999</b>	<b>\$361</b>

*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 - GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$27,120	\$152,383	\$28,000	\$207,503
Intergovernmental	121,957	76,354	0	198,311
Charges for Services	0	2,127	0	2,127
Licenses, Permits, and Fees	0	4,945	0	4,945
Earnings on Investments	1,069	0	0	1,069
Other Revenue	20,598	14,140	0	34,738
<b>Total Cash Receipts</b>	<b>170,744</b>	<b>249,949</b>	<b>28,000</b>	<b>448,693</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	66,506	3,028	0	69,534
Public Safety	171	39,983	0	40,154
Public Works	10,722	91,462	0	102,184
Health	5,623	1,957	0	7,580
Conservation - Recreation	331	0	0	331
Debt Service:				
Redemption of Principal	0	0	26,671	26,671
Interest and Fiscal Charges	0	0	1,329	1,329
Capital Outlay	20,816	167,672	0	188,488
<b>Total Cash Disbursements</b>	<b>104,169</b>	<b>304,102</b>	<b>28,000</b>	<b>436,271</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>66,575</b>	<b>(54,153)</b>	<b>0</b>	<b>12,422</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Operating Transfers-In	0	11	0	11
Other Sources	0	1,300	0	1,300
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>0</b>	<b>1,311</b>	<b>0</b>	<b>1,311</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	66,575	(52,842)	0	13,733
Fund Cash Balances, January 1, 1998	69,798	238,675	0	308,473
<b>Fund Cash Balances, December 31, 1998</b>	<b>\$136,373</b>	<b>\$185,833</b>	<b>\$0</b>	<b>\$322,206</b>
Reserve for Encumbrances, December 31, 1998	\$4,655	\$77,097	\$0	\$81,752

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>Non-Expendable Trust Fund</b>
<b>Operating Receipts:</b>	
Earnings on Investments	\$8
Total Operating Receipts	8
Total Receipts Over/(Under) Disbursements	8
<b>Income Before Operating Transfers and Advances:</b>	
Transfers-Out	(11)
<b>NET INCOME(LOSS)</b>	(3)
Fund Cash Balances, January 1, 1998	368
<b>Fund Cash Balances, December 31, 1998</b>	<b>\$365</b>

*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**

Montville Township, Geauga 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 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**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash that is 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 for constructing, maintaining and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives intergovernmental gasoline money to provide maintenance and repair of Township roads.

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Debt Service Fund**

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

**4. Capital Projects Fund**

This fund is 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:

Permanent Improvements Fund - This fund is used for the purpose of providing maintenance and improvements for reconstruction and renovations of the Township roads and buildings.

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

This fund is used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. 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 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, 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.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**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 re-appropriated.

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.

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$176,906	\$233,193
Certificates of Deposit	<u>91,893</u>	<u>89,378</u>
Total Deposits	<u>\$268,799</u>	<u>\$322,571</u>

**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	\$98,863	\$144,442	\$45,579
Special Revenue	420,727	421,913	1,186
Debt Service	51,742	48,123	(3,619)
Capital Projects	150,000	139,624	(10,376)
Non-Expendable Trust	<u>9</u>	<u>5</u>	<u>(4)</u>
Total	<u>\$721,341</u>	<u>\$754,107</u>	<u>\$32,766</u>

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

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$192,801	\$150,532	\$42,269
Special Revenue	539,591	515,544	24,047
Debt Service	51,742	48,123	3,619
Capital Projects	150,000	139,624	10,376
Non-Expendable Trust	20	9	11
Total	<u>\$934,154</u>	<u>\$853,832</u>	<u>\$80,322</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$89,128	\$170,744	\$81,616
Special Revenue	243,618	251,260	7,642
Debt Service	28,000	28,000	0
Non-Expendable Trust	10	8	(2)
Total	<u>\$360,756</u>	<u>\$450,012</u>	<u>\$89,256</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$154,678	\$108,824	\$45,854
Special Revenue	459,644	381,199	78,445
Debt Service	28,000	28,000	0
Non-Expendable Trust	20	11	9
Total	<u>\$642,342</u>	<u>\$518,034</u>	<u>\$124,308</u>

**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 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.

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

**4. PROPERTY TAX (Continued)**

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:

Year ending December 31:	Principal	Interest	Total Payment
2000	\$36,000	\$6,626	\$42,626
2001	36,000	4,916	40,916
2002	36,000	3,206	39,206
2003	36,000	1,496	37,496
2004	9,000	107	9,107
Total	<u>\$153,000</u>	<u>\$16,351</u>	<u>\$169,351</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 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 1998 and 1999, members of PERS contributed 8.5%. The Township contributed an amount equal to 13.55% of regular 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
- 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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STATE OF OHIO  
OFFICE OF THE AUDITOR

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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 financial statements of Montville 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 March 14, 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 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 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

March 14, 2000



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  
MAY 2, 2000**