



**Auditor of State
Betty Montgomery**

**BOSTON TOWNSHIP
SUMMIT COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Boston Township
Summit County
P. O. Box 123
Peninsula, Ohio 44264

To the Board of Trustees:

We have audited the accompanying financial statements of Boston Township, Summit County, Ohio, (the Township) as of and for the years ended December 31, 2003 and 2002. 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 audit.

We conducted our audit 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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN service, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides 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 Boston Township, Summit County as of December 31, 2003 and 2002, 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 April 22, 2004 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 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 22, 2004

**BOSTON TOWNSHIP
SUMMIT 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, 2003**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Local Taxes	\$17,980	\$139,050			\$157,030
Intergovernmental	136,951	75,841	\$68,146		280,938
Licenses, Permits, and Fees		5,759			5,759
Fines, Forfeitures, and Penalties	5,444				5,444
Earnings on Investments	10,028	109			10,137
Other	2,775				2,775
Total Cash Receipts	<u>173,178</u>	<u>220,759</u>	<u>68,146</u>	<u>0</u>	<u>462,083</u>
Cash Disbursements:					
Current:					
General Government	156,795	5,161		\$1,395	163,351
Public Safety	3,350	139,589			142,939
Public Works	58,492	55,444			113,936
Health	6,801	968			7,769
Capital Outlay	165		21,033		21,198
Total Cash Disbursements	<u>225,603</u>	<u>201,162</u>	<u>21,033</u>	<u>1,395</u>	<u>449,193</u>
Total Receipts Over/(Under) Disbursements	<u>(52,425)</u>	<u>19,597</u>	<u>47,113</u>	<u>(1,395)</u>	<u>12,890</u>
Other Financing Receipts/(Disbursements):					
Advances-In	75,971	0	26,688	0	102,659
Advances-Out	(26,688)	(3,400)	(72,571)		(102,659)
Other Sources	192	2,132			2,324
Total Other Financing Receipts/(Disbursements)	<u>49,475</u>	<u>(1,268)</u>	<u>(45,883)</u>	<u>0</u>	<u>2,324</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,950)	18,329	1,230	(1,395)	15,214
Fund Cash Balances, January 1	<u>965,375</u>	<u>62,090</u>	<u>248</u>	<u>2,650</u>	<u>1,030,363</u>
Fund Cash Balances, December 31	<u>\$962,425</u>	<u>\$80,419</u>	<u>\$1,478</u>	<u>\$1,255</u>	<u>\$1,045,577</u>
Reserves for Encumbrances, December 31	<u>\$1,833</u>	<u>\$245</u>	<u>\$14,245</u>	<u>\$0</u>	<u>\$16,323</u>

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

**BOSTON TOWNSHIP
SUMMIT 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, 2002**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Local Taxes	\$15,857	\$135,492			\$151,349
Intergovernmental	138,797	70,536	\$15,283		224,616
Licenses, Permits, and Fees	40	5,209			5,249
Fines, Forfeitures, and Penalties	4,245				4,245
Earnings on Investments	16,962	173			17,135
Other	2,298				2,298
Total Cash Receipts	<u>178,199</u>	<u>211,410</u>	<u>15,283</u>	<u>0</u>	<u>404,892</u>
Cash Disbursements:					
Current:					
General Government	118,430	4,091		\$2,350	124,871
Public Safety	987	131,856			132,843
Public Works	10,390	59,352			69,742
Health	7,045				7,045
Capital Outlay	56,456		54,624		111,080
Total Cash Disbursements	<u>193,308</u>	<u>195,299</u>	<u>54,624</u>	<u>2,350</u>	<u>445,581</u>
Total Receipts Over/(Under) Disbursements	<u>(15,109)</u>	<u>16,111</u>	<u>(39,341)</u>	<u>(2,350)</u>	<u>(40,689)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In			7,160		7,160
Transfers-Out	(7,160)				(7,160)
Advances-In	16,230	3,400	45,883		65,513
Advances-Out	(49,283)		(16,230)		(65,513)
Other Sources	192	2,132			2,324
Total Other Financing Receipts/(Disbursements)	<u>(40,021)</u>	<u>5,532</u>	<u>36,813</u>	<u>0</u>	<u>2,324</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(55,130)</u>	<u>21,643</u>	<u>(2,528)</u>	<u>(2,350)</u>	<u>(38,365)</u>
Fund Cash Balances, January 1	<u>1,020,505</u>	<u>40,447</u>	<u>2,776</u>	<u>5,000</u>	<u>1,068,728</u>
Fund Cash Balances, December 31	<u>\$965,375</u>	<u>\$62,090</u>	<u>\$248</u>	<u>\$2,650</u>	<u>\$1,030,363</u>
Reserves for Encumbrances, December 31	<u>\$1,309</u>	<u>\$1,198</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,507</u>

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

**BOSTON TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Boston Township, Summit 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 road and bridge maintenance and zoning services. The Township contracts with the Valley Fire District to provide fire and Emergency Medical Services and the Summit County Sheriff to provide police 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

Investments are included in the 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.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 has the following significant Special Revenue Funds:

**BOSTON TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Police Levy Fund - This fund receives proceeds from a special tax levy to fund the Township's police protection contract.

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

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township has the following significant Capital Projects Funds:

Bell Tower Restoration Project - The Township received a grant from the State of Ohio for the restoration of the Bell Tower slate roof and historic preservation of the Township Hall.

Stanford Road Permanent Improvement Project - The Township received a grant from the State of Ohio and the National Parks Service for the Stanford Road surfacing and striping project.

Oak Hill Road Permanent Improvement Project - The Township received a grant from the State of Ohio and the National Parks Service for the Oak Hill Road surfacing and striping project.

Major Road Permanent Improvement Project - The Township received a grant from the National Parks Service under the Road Rehabilitation Assistance Program for the Major Road surfacing project.

4. Fiduciary Fund (Expendable Trust Fund)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township has the following significant fiduciary fund:

Genovese Trust Fund - The Township use donations for improvement to the Boston Townhall-Wood School.

**BOSTON TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the appropriation measure 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 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay 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.

**BOSTON TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment 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:

	2003	2002
Demand deposits	\$135,639	\$130,433
STAR Ohio	909,938	899,930
Total deposits and investments	\$1,045,577	\$1,030,363

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$176,069	\$173,370	(\$2,699)
Special Revenue	213,205	222,891	9,686
Capital Projects	97,211	68,146	(29,065)
Expendable Trust	0	0	0
Total	\$486,485	\$464,407	(\$22,078)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$518,775	\$227,436	\$291,339
Special Revenue	233,410	201,407	32,003
Capital Projects	96,044	35,278	60,766
Expendable Trust	2,350	1,395	955
Total	\$850,579	\$465,516	\$385,063

**BOSTON TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$187,779	\$178,391	(\$9,388)
Special Revenue	212,772	213,542	770
Capital Projects	105,230	22,443	(82,787)
Expendable Trust	0	0	0
Total	\$505,781	\$414,376	(\$91,405)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$527,672	\$201,777	\$325,895
Special Revenue	217,700	196,497	21,203
Capital Projects	70,058	54,624	15,434
Expendable Trust	2,350	2,350	0
Total	\$817,780	\$455,248	\$362,532

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 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. RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is 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 2003 and 2002, members of OPERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

**BOSTON TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



**Auditor of State
Betty Montgomery**

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

Boston Township
Summit County
P. O. Box 123
Peninsula, Ohio 44264

To the Board of Trustees:

We have audited the financial statements of Boston Township, Summit County, Ohio, (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 22, 2004 wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit 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 audit 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 22, 2004.

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 dated April 22, 2004.

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Boston Township
Summit County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 22, 2004

**BOSTON TOWNSHIP
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-40977-001	Ohio Rev. Code 5705.39 Appropriations exceeded Estimated Resources	No	Partially corrected. Variances are not as significant, comment will be moved to Management Letter.
2001-40977-002	Ohio Rev. Code 5705.41 (D) Expenditures not properly certified	Yes	

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**Auditor of State
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BOSTON TOWNSHIP

SUMMIT 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
AUGUST 5, 2004**