



**Auditor of State
Betty Montgomery**

**MONTVILLE TOWNSHIP
GEAUGA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Board of Trustees
Montville Township
Geauga County
9755 Madison Road
Montville, Ohio 44064

We have audited the accompanying financial statements of Montville Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2003 and December 31, 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. We believe that our audit provides a reasonable basis for our opinions.

As described 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, 2003 and December 31, 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 March 4, 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.

Montville Township
Geauga County
Independent Accountants' Report
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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.

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

Betty Montgomery
Auditor of State

March 4, 2004

**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, 2003**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Fund</u>	
Cash Receipts:				
Local Taxes	\$43,946	\$260,523	\$0	\$304,469
Intergovernmental	59,284	93,832	0	153,116
Charges for Services	0	2,847	0	2,847
Licenses, Permits, and Fees	11,828	4,875	0	16,703
Earnings on Investments	3,978	0	3	3,981
Other Revenue	10,954	18,256	0	29,210
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	129,990	380,333	3	510,326
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	84,268	4,765	0	89,033
Public Safety	2,593	50,555	0	53,148
Public Works	6,923	94,449	0	101,372
Health	0	4,204	0	4,204
Conservation - Recreation	23,841	0	0	23,841
Capital Outlay	6,904	135,033	0	141,937
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	124,529	289,006	0	413,535
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	5,461	91,327	3	96,791
	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Receipts and (Disbursements):				
Transfers-In	0	20	0	20
Transfers-Out	0	0	(20)	(20)
Other Sources	0	800	0	800
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	0	820	(20)	800
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	5,461	92,147	(17)	97,591
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1, 2003	176,797	235,300	345	412,442
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31, 2003	<u>\$182,258</u>	<u>\$327,447</u>	<u>\$328</u>	<u>\$510,033</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31, 2003	<u>\$14,060</u>	<u>\$21,604</u>	<u>\$0</u>	<u>\$35,664</u>

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, 2002**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Fund</u>	
Cash Receipts:					
Local Taxes	\$41,029	\$238,397	\$31,441	\$0	\$310,867
Intergovernmental	157,695	85,811	0	0	243,506
Charges for Services	0	1,173	0	0	1,173
Licenses, Permits, and Fees	0	6,912	0	0	6,912
Earnings on Investments	891	0	0	2	893
Other Revenue	12,647	7,545	0	0	20,192
Total Cash Receipts	<u>212,262</u>	<u>339,838</u>	<u>31,441</u>	<u>2</u>	<u>583,543</u>
Cash Disbursements:					
Current:					
General Government	81,852	4,509	0	0	86,361
Public Safety	2,000	76,338	0	0	78,338
Public Works	8,345	75,159	0	0	83,504
Health	0	2,950	0	0	2,950
Conservation - Recreation	345	0	0	0	345
Miscellaneous	0	0	0	8	8
Debt Service:					
Redemption of Principal	0	0	31,000	0	31,000
Interest and Fiscal Charges	0	0	441	0	441
Capital Outlay	159,447	147,926	0	0	307,373
Total Cash Disbursements	<u>251,989</u>	<u>306,882</u>	<u>31,441</u>	<u>8</u>	<u>590,320</u>
Total Receipts Over/(Under) Disbursements	<u>(39,727)</u>	<u>32,956</u>	<u>0</u>	<u>(6)</u>	<u>(6,777)</u>
Other Financing Receipts:					
Other Sources	0	400	0	0	400
Total Other Financing Receipts	<u>0</u>	<u>400</u>	<u>0</u>	<u>0</u>	<u>400</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>(39,727)</u>	<u>33,356</u>	<u>0</u>	<u>(6)</u>	<u>(6,377)</u>
Fund Cash Balances, January 1, 2002	216,524	201,944	0	351	418,819
Fund Cash Balances, December 31, 2002	<u><u>\$176,797</u></u>	<u><u>\$235,300</u></u>	<u><u>\$0</u></u>	<u><u>\$345</u></u>	<u><u>\$412,442</u></u>
Reserve for Encumbrances, December 31, 2002	<u>\$7,034</u>	<u>\$5,190</u>	<u>\$0</u>	<u>\$0</u>	<u>\$12,224</u>

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

**MONTVILLE TOWNSHIP
GEAUGA COUNTY**

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

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 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

The Township had no investments at December 31, 2003. Funds are held in a business checking account and a business savings account.

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 for constructing, maintaining and repairing Township roads and bridges.

**MONTVILLE TOWNSHIP
GEAUGA 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)

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 Fund

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. Non-Expendable Trust Fund (Fiduciary Fund Type)

This fund is 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.

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.

**MONTVILLE TOWNSHIP
GEAUGA COUNTY**

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

	<u>2003</u>	<u>2002</u>
Demand deposits	<u>\$510,033</u>	<u>\$412,442</u>
Total Deposits	<u><u>\$510,033</u></u>	<u><u>\$412,442</u></u>

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, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$123,980	\$129,990	\$6,010
Special Revenue	354,940	381,153	26,213
Non-Expendable Trust	3	3	0
Total	\$478,923	\$511,146	\$32,223

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$247,342	\$138,589	\$108,753
Special Revenue	501,717	310,610	191,107
Non-Expendable Trust	20	20	0
Total	\$749,079	\$449,219	\$299,860

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$216,525	\$212,262	(\$4,263)
Special Revenue	300,586	340,238	39,652
Debt Service	31,904	31,441	(463)
Non-Expendable Trust	6	2	(4)
Total	\$549,021	\$583,943	\$34,922

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$415,700	\$259,023	\$156,677
Special Revenue	389,121	312,072	77,049
Debt Service	31,904	31,441	463
Expendable Trust	20	8	12
Total	\$836,745	\$602,544	\$234,201

**MONTVILLE TOWNSHIP
GEAUGA COUNTY**

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

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 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

The 1999 Promissory Note for the purchase of Fire Equipment was paid off in 2002.

6. RETIREMENT SYSTEMS

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 2003 and 2002, PERS members 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.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

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

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**Auditor of State
Betty Montgomery**

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

Board of Trustees
Montville Township
Geauga County
9755 Madison Road
Montville, Ohio 44064

We have audited the financial statements of Montville Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated March 4, 2004. 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 is 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.

Montville Township
Geauga County
Independent Accountants' Report 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 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

March 4, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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 18, 2004**