

MONTVILLE TOWNSHIP

MEDINA COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2010 and 2009

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Board of Trustees
Montville Township
6665 Wadsworth Road
Medina, Ohio 44256

We have reviewed the *Report of Independent Accountants* of Montville Township, Medina County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Montville Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

April 6, 2011

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MONTVILLE TOWNSHIP
MEDINA COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2010 and 2009

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1-2
Combined Statement of Receipts, Disbursements and Changes in Fund Balances - All Governmental Fund Types - For the Year Ended December 31, 2010	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances - All Governmental Fund Types - For the Year Ended December 31, 2009	4
Notes to the Financial Statements	5-11
Independent Accountants Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	12-13
Schedule of Prior Audit Findings	14

REPORT OF INDEPENDENT ACCOUNTANTS

Montville Township
Medina County
6665 Wadsworth Road
Medina, Ohio 44256

To the Board of Trustees:

We have audited the accompanying financial statements of Montville Township, Medina County, Ohio (Township) as and for the years ended December 31, 2010 and 2009. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although, we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

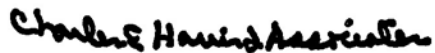
Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2010 and 2009. Instead of the combined funds the accompanying financial statements present for 2010 and 2009, the revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2010 and 2009. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure its financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, 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, Medina County as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2010 and 2009. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2011 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, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Charles E. Harris & Associates, Inc.
February 18, 2011

**MONTVILLE TOWNSHIP
MEDINA COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2010**

	<u>Governmental Fund Types</u>			<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Receipts:				
Property and Other Local Taxes	\$ 629,793	\$ 2,263,838	-	\$ 2,893,631
Licenses, Permits and Fees	31,741	-	-	31,741
Fines and Forfeitures	39,553	11,695	-	51,248
Intergovernmental	303,943	567,054	-	870,997
Earnings on Investments	5,325	-	-	5,325
Miscellaneous	86,238	14,430	-	100,668
Total Receipts	1,096,593	2,857,017	-	3,953,610
Disbursements:				
General Government	471,115	-	-	471,115
Public Safety	-	1,672,117	-	1,672,117
Public Works	-	421,573	-	421,573
Health	13,377	-	-	13,377
Recreation	17,005	-	-	17,005
Capital Outlay	156,558	164,073	\$ 78,827	320,631
Total Disbursements	658,055	2,257,763	78,827	2,915,818
Receipts Over/(Under) Disbursements	438,538	599,254	(78,827)	1,037,792
Other Financing Sources:				
Proceeds of Loan	-	-	78,827	78,827
Sale of Fixed Assets	-	5,153	-	5,153
Total Other Financing Sources	-	5,153	78,827	5,153
Excess Receipts and Other Financing Sources Over Disbursements	438,538	604,407	-	1,042,945
Fund Balance, January 1, 2010	1,157,299	2,427,029	-	3,584,328
Fund Balance, December 31, 2010	\$ 1,595,837	\$ 3,031,436	\$ -	\$ 4,627,273
Reserve for Encumbrances, December 31, 2010	\$ 1,282	\$ 3,717	\$ -	\$ 4,999

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

**MONTVILLE TOWNSHIP
MEDINA COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2009**

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Receipts:			
Property and Other Local Taxes	\$ 625,099	\$ 2,184,425	\$ 2,809,524
Licenses, Permits and Fees	43,285	-	43,285
Fines and Forfeitures	34,174	-	34,174
Intergovernmental	417,633	814,964	1,232,597
Earnings on Investments	29,262	-	29,262
Miscellaneous	45,824	3,139	48,963
Total Receipts	1,195,277	3,002,528	4,197,805
Disbursements:			
General Government	523,254	-	523,254
Public Safety	-	1,671,820	1,671,820
Public Works	-	323,936	323,936
Health	10,966	-	10,966
Recreation	22,230	-	22,230
Capital Outlay	26,429	357,450	383,879
Total Disbursements	582,879	2,353,206	2,936,085
Receipts Over/(Under) Disbursements	612,398	649,322	1,261,720
Other Financing Sources/(Uses):			
Sale of Capital Assets	-	1,035	1,035
Transfers Out	(50,000)	-	(50,000)
Transfers In	-	50,000	50,000
Total Other Financing Sources	(50,000)	51,035	1,035
Excess Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	562,398	700,357	1,262,755
Fund Cash Balance, January 1, 2009	594,901	1,726,672	2,321,573
Fund Balance, December 31, 2009	\$ 1,157,299	\$ 2,427,029	\$ 3,584,328
Reserve for Encumbrances, December 31, 2009	\$ 1,375	\$ 3,132	\$ 4,507

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

**MONTVILLE TOWNSHIP
MEDINA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Montville Township, Medina County (the Township) is a body corporate and politic established for the purpose of exercising 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 and a publicly-elected Fiscal Officer. The Township provides road and bridge maintenance, cemetery maintenance and police protection. The Township contracts with the City of Medina for fire protection. Also, the Township contracts with the Medina General Hospital Life Support Team for emergency medical services.

The Township's management believes these financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Township prepares its financial statements following 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.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH

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.

D. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

MONTVILLE TOWNSHIP
MEDINA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

D. **FUND ACCOUNTING** – (continued)

Special Revenue Funds: These funds are used to account for proceeds from special sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. The Township has 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.
- *Police Fund* – This fund receives property taxes, fines, intergovernmental receipts and tax revenue to provide police services to the Township residents.
- *Fire Fund* – This fund receives property taxes and intergovernmental receipts to provide fire protection services.
- *Ambulance Fund* – This fund receives property taxes and intergovernmental receipts to provide emergency rescue services.

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

- *Miscellaneous Capital Project – Safety Service Building Fund* – This fund receives USDA loan funds for constructing a safety service center building.

E. **BUDGETARY PROCESS**

A budget of estimated cash receipts and disbursements is prepared by the Fiscal Officer, approved by the Township Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. **Estimated Resources**

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The county budget commission approves the certificate of estimated resources.

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

**MONTVILLE TOWNSHIP
MEDINA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

E. BUDGETARY PROCESS - (continued)

1. Estimated Resources - (continued)

On or about January 1, the Fiscal Officer sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Fiscal Officer identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2010 and 2009. However, those fund balances are available for appropriation.

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

3. Encumbrances

The Township is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The Township's legal level of control is the fund, function and object level.

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried over at year-end.

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.

**MONTVILLE TOWNSHIP
MEDINA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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 at December 31 was as follows:

	<u>2010</u>	<u>2009</u>
Demand Deposits	\$ 1,527,273	\$ 1,684,328
Certificate of Deposit	3,100,000	1,900,000
Total Deposits and Investments	<u>\$ 4,627,273</u>	<u>\$ 3,584,328</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

3. PROPERTY TAXES

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the Township. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Medina County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation for the Township was completed in 2010. The next revaluation is scheduled for 2013.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is usually due December 31, with the remainder payable June 20.

Taxes collected from tangible personal property (other than public utility) received during calendar year 2010 represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes on business inventory, manufacturing and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied April 1, 2009 on the values listed as of December 31, 2009. Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Medina County Treasurer collects property taxes on behalf of the Township. The Medina County Auditor remits the collected taxes to the Township. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

**MONTVILLE TOWNSHIP
MEDINA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

4. DEBT

The Township obtained approval for a \$3,700,000, 30-year, 4% loan with the USDA Rural Development for construction of a new safety service center adjacent to Township Hall. As of December 31, 2010, the Township has only received and expended \$78,827 loan funds.

Starting March 1, 2011, the Township will have to begin paying monthly interest on the loan funds received. The Township will not begin paying down principal until 2013. The USDA Rural Development will not provide an amortization schedule until all loan funds have been expended.

5. TRANSFERS

In 2009, the Township transferred \$50,000 from the General Fund to the Road and Bridge Fund – Special Revenue Fund to subsidy operations.

The transfer of these funds were in compliance with Ohio Revised Code.

6. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

<u>2010 Budgeted vs Actual Budgetary Basis Expenditures</u>			
<u>Funds</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,035,853	\$ 659,337	\$ 376,516
Special Revenue	2,739,156	2,261,480	477,676
Capital Projects	78,827	78,827	-

<u>2009 Budgeted vs Actual Budgetary Basis Expenditures</u>			
<u>Funds</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 922,907	\$ 634,254	\$ 288,653
Special Revenue	2,748,911	2,356,338	392,573

<u>2010 Budgeted vs Actual Receipts</u>			
<u>Funds</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,018,776	\$ 1,096,593	\$ 77,817
Special Revenue	2,684,370	2,862,170	177,800
Capital Projects	78,827	78,827	-

**MONTVILLE TOWNSHIP
MEDINA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

6. BUDGETARY ACTIVITY (continued)

<u>2009 Budgeted vs Actual Receipts</u>			
<u>Funds</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,295,031	\$ 1,195,277	\$ (99,754)
Special Revenue	2,858,660	3,053,563	194,903

7. RETIREMENT SYSTEM

Employees of the Township belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a state operated, 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 prescribed by the Ohio Revised Code. Non-police OPERS members contributed 10% of their gross pay while the Township contributed an amount equal to 14% of covered payroll. The Township picked up 3% of the Road Department's employee contributions. The Township paid all required contributions through 2010.

For 2009 and 2010, police OPERS members contributed 10.1% and 11.1% of their gross pay while the Township contributed an amount equal to 17.63% and 17.87% of covered payroll, respectively. The Township picked up 6% of the police department's employee contributions. The Township paid all required contributions through 2010.

8. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Service Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under the arrangement, OTARMA retains insurance risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payment on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**MONTVILLE TOWNSHIP
MEDINA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

8. RISK MANAGEMENT – (continued)

Financial Position

Financial Position - OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Assets	\$ 38,982,088	\$ 40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Retained earnings	<u>\$ 26,101,322</u>	<u>\$ 27,755,922</u>

At December 31, 2009 and 2008, respectively, liabilities noted above include approximately \$12 million and \$12.1 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.5 million and \$10.9 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$3,511.

9. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Montville Township
Medina County
6665 Wadsworth Road
Medina, Ohio 44256

To the Board of Trustees:

We have audited the financial statements of Montville Township, Medina County Ohio (the Township) as of and for the years ended December 31, 2010 and 2009 and have issued our report thereon dated February 18, 2011, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented or detected and timely corrected.

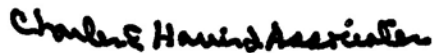
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could directly and materially affect 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 or other matters we must report under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the Township in a separate letter dated February 18, 2011.

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees and others within the Township. We intend it for no one other than these specified parties.



Charles E. Harris and Associates, Inc.

February 18, 2011

**MONTVILLE TOWNSHIP
MEDINA COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2010 and 2009**

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2008-MTMC-01	Revenue was improperly recorded in the incorrect funds.	Yes	No Longer Valid

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Dave Yost • Auditor of State

MONTVILLE TOWNSHIP

MEDINA 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 5, 2011**