

**MONTGOMERY TOWNSHIP**  
**COLUMBUS REGION, MARION COUNTY**  
**REPORT ON FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 2000**





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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Board of Trustees  
Montgomery Township  
Marion County  
181 South High Street  
LaRue, Ohio 43332

We have reviewed the Independent Auditor's Report of Montgomery Township, Marion County, prepared by Holbrook & Manter CPAs, for the audit period January 1, 1999 through December 31, 2000. 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.

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. Montgomery Township is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

June 22, 2001

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Montgomery Township  
Marion County  
181 South High Street  
LaRue, Ohio 43332

We have audited the accompanying financial statements of Montgomery Township, Marion County, Ohio, (the Township) as of and for the years ended 2000 and 1999. 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 of Montgomery Township, Marion County, as of December 31, 2000 and December 31, 1999, 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 6, 2001 on our consideration of the Government'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 the officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

*Holbrook & Manter*

Certified Public Accountants

March 6, 2001  
Marion, Ohio

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MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
OHIO SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**MONTGOMERY TOWNSHIP**  
**MARION COUNTY**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENT, AND CHANGES IN FUNDS**  
**CASH BALANCES-ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND-**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>General</b>	<b>Special Revenue</b>	<b>Expendable Trust</b>	<b>(Memorandum Only) Total</b>
<b>Cash receipts:</b>				
Local taxes	\$ 25,814	\$ 0	\$ 0	\$ 25,814
Intergovernmental	60,995	56,557	0	117,552
Interest	5,896	4,849	468	11,213
Fines, licenses, and permits	0	16,797	0	16,797
Miscellaneous	0	6,000	200	6,200
<b>Total cash receipts</b>	<b>92,705</b>	<b>84,203</b>	<b>668</b>	<b>177,576</b>
<b>Cash disbursements:</b>				
Current:				
General Government	38,549	3,085	0	41,634
Public health services	17,926	18,247	0	36,173
Public works	0	73,260	0	73,260
Capital outlay	9,730	9,451	0	19,181
<b>Total cash disbursements</b>	<b>66,205</b>	<b>104,043</b>	<b>0</b>	<b>170,248</b>
<b>Total receipts over/(under) cash disbursements</b>	<b>26,500</b>	<b>( 19,840)</b>	<b>668</b>	<b>7,328</b>
<b>Other financing receipts/(disbursements):</b>				
Operating transfers in	0	2,000	0	2,000
Operating transfers out	( 2,000)	0	0	( 2,000)
Contingencies	0	0	( 4,502)	( 4,502)
Sale of assets	122	0	0	122
<b>Total other financing receipts/(disbursements)</b>	<b>( 1,878)</b>	<b>2,000</b>	<b>( 4,502)</b>	<b>( 4,380)</b>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	24,622	( 17,840)	( 3,834)	2,948
<b>Fund cash balances January 1, 2000</b>	<b>66,036</b>	<b>147,360</b>	<b>13,899</b>	<b>227,295</b>
<b>Fund cash balances, December 31, 2000</b>	<b>\$ 90,658</b>	<b>\$ 129,520</b>	<b>\$ 10,065</b>	<b>\$ 230,243</b>

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

**MONTGOMERY TOWNSHIP**  
**MARION COUNTY**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENT, AND CHANGES IN FUNDS**  
**CASH BALANCES-ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND-**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>General</b>	<b>Special Revenue</b>	<b>Expendable Trust</b>	<b>(Memorandum Only) Total</b>
<b>Cash receipts:</b>				
Local taxes	\$ 24,823	\$ 0	\$ 0	\$ 24,823
Intergovernmental	53,954	55,397	0	109,351
Interest	3,888	4,294	1,272	9,454
Fines, licenses, and permits	0	17,796	0	17,796
Miscellaneous	0	9,205	200	9,405
<b>Total cash receipts</b>	<b>82,665</b>	<b>86,692</b>	<b>1,472</b>	<b>170,829</b>
<b>Cash disbursements:</b>				
Current:				
Public health services	15,016	14,688	0	29,704
Public works	0	53,015	0	53,015
General Government	35,824	3,022	0	38,846
Capital outlay	1,866	6,177	0	8,043
<b>Total cash disbursements</b>	<b>52,706</b>	<b>76,902</b>	<b>0</b>	<b>129,608</b>
<b>Total receipts over/(under) cash disbursements</b>	<b>29,959</b>	<b>9,790</b>	<b>1,472</b>	<b>41,221</b>
<b>Other financing receipts/(disbursements):</b>				
Advances in	15,000	0	0	15,000
Advances out	0	0	( 15,000)	( 15,000)
Other uses	0	0	( 250)	( 250)
<b>Total other financing receipts/(disbursements)</b>	<b>15,000</b>	<b>0</b>	<b>( 15,250)</b>	<b>( 250)</b>
<b>Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements</b>	<b>44,959</b>	<b>9,790</b>	<b>( 13,778)</b>	<b>40,971</b>
<b>Fund cash balances January 1, 1999</b>	<b>21,077</b>	<b>137,570</b>	<b>27,677</b>	<b>186,324</b>
<b>Fund cash balances, December 31, 1999</b>	<b>\$ 66,036</b>	<b>\$ 147,360</b>	<b>\$ 13,899</b>	<b>\$ 227,295</b>

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

**MONTGOMERY TOWNSHIP**  
**MARION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2000 and 1999**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-**

**Description of the Entity** - Montgomery Township, Marion 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 three publicly - elected Trustees. The Township provides general governmental services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable

**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.

**Cash and Investments** - Certificates of deposit are valued at cost.

**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:

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**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:

**Gasoline Tax Fund**

This fund receives gasoline tax money for constructing, maintaining and repairing township roads.

**Cemetery Fund**

This fund receives fees for cemetery services and sales of cemetery lots.

**Motor Vehicle License Tax Fund**

This fund receives motor vehicle tax money for constructing, maintaining and repairing township roads.

**Zoning Fund**

This fund receives zoning fees for zoning permits and are used for zoning expenses.

**MONTGOMERY TOWNSHIP**  
**MARION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2000 and 1999**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** :- (continued)

**Fiduciary Funds (Trust Fund)**

Trust funds are 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 nonexpendable trust fund. Other trust funds are classified as expendable. The Township had the following significant fiduciary funds:

**Expendable Trust Fund**

This fund receives money from Inez Kramer trust for township services.

**Budgetary Process** - The Ohio Revised Code requires that each fund be budgeted annually.

**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 Marion County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The Marion County Budget Commission must also approve estimated resources.

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**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

**NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS:-**

The Township maintains a cash and investments 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:

	<u>2000</u>	<u>1999</u>	
Deposits	\$ 230,243	\$ 126,367	
Certificate of deposit	<u>0</u>	<u>100,928</u>	
Total Deposits	<u>\$ 230,243</u>	<u>\$ 227,295</u>	

**Deposits** - The Townships deposits are insured by the Federal Depository Insurance Corporation up to \$100,000. As of December 31, 2000 and 1999, deposits over \$100,000 were adequately collateralized.

**MONTGOMERY TOWNSHIP**  
**MARION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 2000**

**NOTE 3 - BUDGETARY ACTIVITY:**

Budgetary activity for the years ending December 31, 1999 and 2000 was as follows:

**2000 Budgeted VS. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 69,700	\$ 92,827	\$ 23,127
Special Revenue	78,200	86,203	8,003
Expendable Trust	<u>200</u>	<u>668</u>	<u>468</u>
Total	<u>\$ 148,100</u>	<u>\$ 179,698</u>	<u>\$ 31,598</u>

**2000 Budgeted VS. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 135,737	\$ 68,205	\$ 67,532
Special Revenue	223,560	104,043	119,517
Expendable Trust	<u>14,100</u>	<u>4,502</u>	<u>9,598</u>
Total	<u>\$ 373,397</u>	<u>\$ 176,750</u>	<u>\$ 196,647</u>

**MONTGOMERY TOWNSHIP**  
**MARION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 2000**

**NOTE 3 - BUDGETARY ACTIVITY:** (continued)

**1999 Budgeted VS. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 66,357	\$ 97,665	\$ 31,308
Special Revenue	73,900	86,692	12,792
Expendable Trust	<u>1,300</u>	<u>1,472</u>	<u>172</u>
Total	<u>\$ 141,557</u>	<u>\$ 185,829</u>	<u>\$ 44,272</u>

**1999 Budgeted VS. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 87,434	\$ 52,706	\$ 34,728
Special Revenue	211,470	76,902	134,568
Expendable Trust	<u>28,977</u>	<u>15,250</u>	<u>13,727</u>
Total	<u>\$ 327,881</u>	<u>\$ 144,858</u>	<u>\$ 183,023</u>

**MONTGOMERY TOWNSHIP**  
**MARION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2000 and 1999**

**NOTE 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 Marion 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the Marion 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.

**NOTE 5 - RETIREMENT SYSTEMS:-**

The Township's 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 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for January 1999 through June 2000 and an amount equal to 8.13% of participants' gross salaries for July 2000 through December 2000. The Township has paid all contributions required through December 31, 2000.

**NOTE 6 – RISK MANAGEMENT:-**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Buildings
- Casualty
- Public official's liability



**Report on Compliance and on Internal Control Required by *Government Auditing Standards***

Board of Trustees  
Montgomery Township  
Marion County  
181 South High Street  
LaRue, Ohio 43332

We have audited the accompanying financial statements of Montgomery Township, Marion County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated March 6, 2001. We conducted our audit 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 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*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered 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 matter 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 of 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.

We noted other matters involving compliance and internal control over financial reporting that we have reported to the Management of the Township in a separate letter dated March 6, 2001.

This report is intended for the information of the Board of Trustees and Clerk and is not intended to be and should not be used by anyone other than these specified parties.

*Holbrook & Manter*

Certified Public Accountants

March 6, 2001  
Marion, Ohio





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**MONTGOMERY TOWNSHIP**

**MARION 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  
JULY 3, 2001**