



**MUNSON TOWNSHIP
GEAUGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2009 & 2008



Mary Taylor, CPA
Auditor of State

**MUNSON TOWNSHIP
GEAUGA COUNTY**

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GEAUGA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Munson Township
Geauga County
12210 Auburn Road
Chardon, Ohio 44024

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Munson Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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. The Township processes its financial transactions with 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 audit 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 services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Munson Township, Geauga County, Ohio, as of December 31, 2009 and 2008 and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General, Road and Bridge, and Special Fire Levy funds for 2009 and 2008 thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

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In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 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 and 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 the 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.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.



Dave Yost
Auditor of State

January 21, 2011

Munson Township
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

This discussion and analysis of Munson Township's (the Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2009 and December 31, 2008, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2009 and 2008 are as follows:

Net assets of governmental activities increased by \$425,889, or 19.46 percent, in 2009 and \$55,519, or 2.60 percent, in 2008. The fund most affected by these changes in cash and cash equivalents was the General Fund due to receipts exceeding disbursements by \$209,487 and \$206,068, in 2009 and 2008, respectively.

The Township's general receipts are primarily property tax and grants and entitlements not restricted to specific programs. These receipts represent, respectively, 56.24 and 16.66 percent of the total receipts received for governmental activities during 2009, and 57.70 and 19.20 percent of the total receipts received for governmental activities during 2008. Property tax receipts for 2009 increased by \$31,675 compared to 2008 due to increased delinquent property tax collections. Grants and entitlements not restricted to specific programs decreased \$59,805 due mainly to receipt of less estate tax. Property tax receipts for 2008 increased by \$127,803 compared to 2007 due to collections from the new Road and Bridge Levy. Grants and entitlements not restricted to specific programs decreased \$309,555 due mainly to receipt of less estate tax.

In 2009, a 2 mill road levy was renewed for four years, a 2.1 mill road levy was renewed for five years and a .65 mill fire operating and apparatus levy was renewed for five years.

In 2008, an additional storage building was added at a cost of \$23,346, and a Model 2009 International Truck, with dump body, central hydraulic system, and plow and hitch was purchased for \$96,791.

Capital outlay expenditures increased from 2007 to 2008 by \$108,581, due mainly to the purchase of a new rescue squad.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

Munson Township
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during the fiscal year, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, the Township has one type of activity:

Governmental activities. All of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Munson Township
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into two categories: governmental and fiduciary.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major funds are the General, Road and Bridge, and Special Fire Levy. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2009 compared to 2008, and 2008 compared to 2007 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		
	2009	2008	2007
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,614,526	\$2,188,637	\$2,133,118
Total Assets	\$2,614,526	\$2,188,637	\$2,133,118
Net Assets			
Restricted for:			
Other Purposes	\$345,700	\$133,142	\$283,788
Unrestricted	2,268,826	2,055,495	1,849,330
Total Net Assets	\$2,614,526	\$2,188,637	\$2,133,118

In total, net assets increased \$425,889 or 19.46 percent during 2009. As previously mentioned, this increase in net assets is primarily attributable to a decrease in capital outlay disbursements of \$172,536 and an increase in capital grants of \$136,299.

In total, net assets increased \$55,519 or 2.60 percent during 2008. This increase in net assets is primarily attributable to the receipt of revenues from the new .75 mill Road and Bridge Levy.

Munson Township
Management's Discussion and Analysis
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Table 2 reflects the changes in net assets for 2009 compared to 2008, and 2008 compared to 2007 on a cash basis.

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2009	2008	2007
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$240,342	\$229,066	\$239,346
Operating Grants and Contributions	382,937	383,205	118,002
Capital Grants and Contributions	136,299	0	0
Total Program Receipts	759,578	612,271	357,348
General Receipts:			
Property and Other Local Taxes	1,824,145	1,792,470	1,664,667
Grants and Entitlements Not Restricted to Specific Programs	536,758	596,563	906,118
Sale of Fixed Assets	2,155	0	0
Cable Franchise Fees	39,247	0	0
Interest	66,070	77,936	103,675
Miscellaneous	15,398	27,202	54,656
Total General Receipts	2,483,773	2,494,171	2,729,116
Total Receipts	3,243,351	3,106,442	3,086,464
Disbursements:			
General Government	465,960	391,541	373,364
Public Safety	1,183,104	1,130,674	1,086,796
Public Works	912,310	1,073,996	750,591
Health	12,213	11,521	10,216
Conservation-Recreation	40,466	67,246	28,635
Capital Outlay	203,409	375,945	267,363
Total Disbursements	2,817,462	3,050,923	2,516,965
Increase (Decrease) in Net Assets	425,889	55,519	569,499
Net Assets, January 1	2,188,637	2,133,118	1,563,619
Net Assets, December 31	\$2,614,526	\$2,188,637	\$2,133,118

Program receipts represent 23.42 and 19.71 percent of total receipts in fiscal year 2009 and 2008, respectively, and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees, charges for the sale of cemetery lots and charges to University Hospital – Heather Hill for emergency medical services. Program receipts for 2009 also include a capital grant of \$136,299 from the Ohio Public Works Commission.

General receipts represent 76.58 and 80.29 percent of the Township's total receipts in fiscal years 2009 and 2008, respectively, and of this amount, 73.44 and 71.87 represent property taxes, respectively. State and federal grants and entitlements make up 21.76 and 23.92 percent of the Township's general receipts for 2009 and 2008, respectively. Other receipts are very insignificant and a somewhat unpredictable revenue sources.

Munson Township
Management's Discussion and Analysis
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Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the elected officials and office staff and services provided by the county auditor, treasurer, legal and engineering departments as well as internal services such as payroll and purchasing.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and public works, which account for 41.99 and 32.38 percent of all governmental disbursements, respectively, for 2009, and 37.06 and 35.20 percent of all governmental disbursements, respectively, for 2008. General government also represents a significant cost, about 16.54 and 12.83 percent for 2009 and 2008, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities					
	Total Cost	Net Cost	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services	of Services	of Services
	2009	2009	2008	2008	2007	2007
General Government	\$465,960	(\$462,647)	\$391,541	(\$354,482)	\$373,364	(\$373,364)
Public Safety	1,183,104	(837,261)	1,130,674	(817,883)	1,086,796	(878,831)
Public Works	912,310	(528,010)	1,073,996	(839,482)	750,591	(632,589)
Health	12,213	(4,878)	11,521	2,679	10,216	(1,186)
Conservation-Recreation	40,466	(40,466)	67,246	(67,246)	28,635	(28,635)
Other	0	18,807	0	13,707	0	22,351
Capital Outlay	203,409	(203,409)	375,945	(375,945)	267,363	(267,363)
Total Expenses	\$2,817,462	(\$2,057,864)	\$3,050,923	(\$2,438,652)	\$2,516,965	(\$2,159,617)

The dependence upon property receipts is apparent as 64.74 percent of activities in fiscal year 2009 and 58.75 percent in fiscal year 2008 are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$3,243,351 and disbursements of \$2,817,462 in 2009 and receipts of \$3,106,442 and disbursements of \$3,050,923 in 2008.

In 2009, the Township's governmental funds reflected an increase in fund balances of \$425,889 or 19.46 percent. This increase in fund balances is primarily attributable to a decrease in capital outlay disbursements and the receipt of a grant from the Ohio Public Works Commission.

In 2008, the Township's governmental funds reflected an increase in fund balances of \$55,519 or 2.60 percent. This increase in fund balances is primarily attributable to an increase in property tax receipts.

Munson Township
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2009 and 2008, the Township amended its General Fund budget several times to reflect changing circumstances. In 2009, actual receipts were \$22,117 higher than final budgeted receipts. Actual disbursements were \$2,158,647 less than final budgeted appropriations. In 2008, actual receipts were \$20,428 higher than final budgeted receipts. Actual disbursements were \$1,928,958 lower than final budgeted appropriations.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2009 and 2008, the Township had no outstanding debt.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Therefore, the continued involvement and support of the Township's residents is vital to the operation of the Township and always appreciated.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Patricia A. Bayer, Fiscal Officer, Munson Township, 12210 Auburn Road, Chardon, Ohio 44024 or call at 440-286-9255.

MUNSON TOWNSHIP
GEAUGA COUNTY
Statement of Net Assets - Cash Basis
December 31, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,614,526</u>
<i>Total Assets</i>	<u><u>\$2,614,526</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$345,700
Unrestricted	<u>2,268,826</u>
<i>Total Net Assets</i>	<u><u>\$2,614,526</u></u>

See accompanying notes to the basic financial statements.

MUNSON TOWNSHIP
GEAUGA COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Program Cash Receipts				Net (Disbursements)
	Cash	Charges	Operating	Capital Grants	Receipts and
	Disbursements	for Services	Grants and	and	Changes in Net
		and Sales	Contributions	Contributions	Assets
					Governmental
					Activities
Governmental Activities					
General Government	\$465,960	\$0	\$3,313	\$0	(\$462,647)
Public Safety	1,183,104	214,200	131,623	0	(837,281)
Public Works	912,310	0	248,001	136,299	(528,010)
Health	12,213	7,335	0	0	(4,878)
Conservation-Recreation	40,466	0	0	0	(40,466)
Other	0	18,807	0	0	18,807
Capital Outlay	203,409	0	0	0	(203,409)
<i>Total Governmental Activities</i>	<u>\$2,817,462</u>	<u>\$240,342</u>	<u>\$382,937</u>	<u>\$136,299</u>	<u>(2,057,884)</u>
General Receipts					
Property Taxes Levied for:					
					407,938
					703,860
					712,347
Grants and Entitlements not Restricted					
					536,758
to Specific Programs					
					2,155
Sale of Capital Assets					
					39,247
Cable Franchise Fees					
					66,070
Interest					
					15,398
					<u>2,483,773</u>
<i>Total General Receipts</i>					
					425,889
Change in Net Assets					
					2,188,637
<i>Net Assets, Beginning of Year</i>					
					<u>\$2,614,526</u>
<i>Net Assets, End of Year</i>					

See accompanying notes to the basic financial statements.

MUNSON TOWNSHIP
GEAUGA COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	<u>General</u>	<u>Road and Bridge</u>	<u>Special Levy Fire</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$2,268,826	\$185,144	\$12,907	\$147,649	\$2,614,526
<i>Total Assets</i>	<u>\$2,268,826</u>	<u>\$185,144</u>	<u>\$12,907</u>	<u>\$147,649</u>	<u>\$2,614,526</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$26,932	\$0	\$0	\$2,707	\$29,639
Unreserved:					
Undesignated, Reported in:					
General Fund	2,241,894	0	0	0	2,241,894
Special Revenue Funds	0	185,144	12,907	144,942	342,993
<i>Total Fund Balances</i>	<u>\$2,268,826</u>	<u>\$185,144</u>	<u>\$12,907</u>	<u>\$147,649</u>	<u>\$2,614,526</u>

See accompanying notes to the basic financial statements.

**MUNSON TOWNSHIP
GEAUGA COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009*

	General	Road & Bridge	Special Fire Levy	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$407,938	\$703,860	\$712,347	\$0	\$1,824,145
Charges for Services	0	0	0	214,200	214,200
Licenses, Permits and Fees	39,247	0	0	19,634	58,881
Intergovernmental	536,758	134,108	131,623	250,192	1,052,681
Interest	63,775	0	0	2,295	66,070
Miscellaneous	10,957	2,953	0	9,620	23,530
<i>Total Receipts</i>	<u>1,058,675</u>	<u>840,921</u>	<u>843,970</u>	<u>495,941</u>	<u>3,239,507</u>
Disbursements					
Current:					
General Government	452,667	0	0	13,293	465,960
Public Safety	153,478	0	837,159	192,467	1,183,104
Public Works	8,202	706,508	0	197,600	912,310
Health	1,377	0	0	10,836	12,213
Conservation-Recreation	40,466	0	0	0	40,466
Capital Outlay	192,998	111	2,662	7,638	203,409
<i>Total Disbursements</i>	<u>849,188</u>	<u>706,619</u>	<u>839,821</u>	<u>421,834</u>	<u>2,817,462</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>209,487</u>	<u>134,302</u>	<u>4,149</u>	<u>74,107</u>	<u>422,045</u>
Other Financing Sources					
Sale of Fixed Assets	2,155	0	0	0	2,155
Other Financing Sources	1,689	0	0	0	1,689
<i>Total Other Financing Sources</i>	<u>3,844</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,844</u>
<i>Net Change in Fund Balances</i>	213,331	134,302	4,149	74,107	425,889
<i>Fund Balances, Beginning of Year</i>	<u>2,055,495</u>	<u>50,842</u>	<u>8,758</u>	<u>73,542</u>	<u>2,188,637</u>
<i>Fund Balances, End of Year</i>	<u>\$2,268,826</u>	<u>\$185,144</u>	<u>\$12,907</u>	<u>\$147,649</u>	<u>\$2,614,526</u>

See accompanying notes to the basic financial statements.

**MUNSON TOWNSHIP
GEAUGA COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund*

For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$411,934	\$411,934	\$407,938	(\$3,996)
Licenses, Permits and Fees	30,000	30,000	39,247	9,247
Intergovernmental	382,978	519,899	536,758	16,859
Interest	70,000	70,000	63,775	(6,225)
Miscellaneous	4,725	4,725	10,957	6,232
<i>Total receipts</i>	<u>899,637</u>	<u>1,036,558</u>	<u>1,058,675</u>	<u>22,117</u>
Disbursements				
Current:				
General Government	500,508	547,276	457,927	89,349
Public Safety	393,363	395,363	153,478	241,885
Public Works	39,000	35,225	8,202	27,023
Health	6,458	6,233	1,377	4,856
Conservation-Recreation	86,140	88,640	40,666	47,974
Capital Outlay	1,696,980	1,962,030	214,470	1,747,560
<i>Total Disbursements</i>	<u>2,722,449</u>	<u>3,034,767</u>	<u>876,120</u>	<u>2,158,647</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,822,812)</u>	<u>(1,998,209)</u>	<u>182,555</u>	<u>2,180,764</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	2,155	2,155
Other Financing Sources	100	100	1,689	1,589
Other Financing Uses	0	(1,800)	0	1,800
<i>Total Other Financing Sources (Uses)</i>	<u>100</u>	<u>(1,700)</u>	<u>3,844</u>	<u>5,544</u>
<i>Net Change in Fund Balance</i>	<u>(1,822,712)</u>	<u>(1,999,909)</u>	<u>186,399</u>	<u>2,186,308</u>
<i>Fund Balance, Beginning of Year</i>	1,905,267	1,905,267	1,905,267	0
Prior Year Encumbrances Appropriated	<u>150,228</u>	<u>150,228</u>	<u>150,228</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$232,783</u>	<u>\$55,586</u>	<u>\$2,241,894</u>	<u>\$2,186,308</u>

See accompanying notes to the basic financial statements.

**MUNSON TOWNSHIP
GEAUGA COUNTY**

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road & Bridge Fund
For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$708,266	\$708,266	\$703,860	(\$4,406)
Intergovernmental	134,495	134,495	134,108	(387)
Miscellaneous	17,100	17,100	2,953	(14,147)
<i>Total receipts</i>	859,861	859,861	840,921	(18,940)
Disbursements				
Current:				
Public Works	888,953	888,953	706,508	182,445
Capital Outlay	21,750	21,750	111	21,639
<i>Total Disbursements</i>	910,703	910,703	706,619	204,084
<i>Excess of Receipts Over (Under) Disbursements</i>	(50,842)	(50,842)	134,302	185,144
<i>Net Change in Fund Balance</i>	(50,842)	(50,842)	134,302	185,144
<i>Fund Balance, Beginning of Year</i>	50,842	50,842	50,842	0
<i>Fund Balance, End of Year</i>	\$0	\$0	\$185,144	\$185,144

See accompanying notes to the basic financial statements.

MUNSON TOWNSHIP**GEOUGA COUNTY***Statement of Receipts, Disbursements, and Changes**In Fund Balance - Budget and Actual - Budget Basis**Special Fire Levy Fund**For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$718,774	\$718,774	\$712,347	(\$6,427)
Intergovernmental	128,767	128,767	131,623	2,856
Miscellaneous	2,500	2,500	0	(2,500)
<i>Total receipts</i>	<u>850,041</u>	<u>850,041</u>	<u>843,970</u>	<u>(6,071)</u>
Disbursements				
Current:				
Public Safety	858,799	855,799	837,159	18,640
Capital Outlay	0	3,000	2,662	338
<i>Total Disbursements</i>	<u>858,799</u>	<u>858,799</u>	<u>839,821</u>	<u>18,978</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,758)</u>	<u>(8,758)</u>	<u>4,149</u>	<u>12,907</u>
<i>Net Change in Fund Balance</i>	<u>(8,758)</u>	<u>(8,758)</u>	<u>4,149</u>	<u>12,907</u>
<i>Fund Balance, Beginning of Year</i>	<u>8,758</u>	<u>8,758</u>	<u>8,758</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$12,907</u>	<u>\$12,907</u>

See accompanying notes to the basic financial statements.

MUNSON TOWNSHIP
GEAUGA COUNTY
Statement of Cash Basis Assets and Fund Balances
Agency Fund
December 31, 2009

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$4,611
<i>Total Assets</i>	\$4,611
Net Assets	
Unreserved:	
Undesignated (Deficit), Reported in:	
Other Purposes	\$4,611
<i>Total Net Assets</i>	\$4,611

See accompanying notes to the basic financial statements.

MUNSON TOWNSHIP
GEAUGA COUNTY
Statement of Net Assets - Cash Basis
December 31, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,188,637</u>
<i>Total Assets</i>	<u><u>\$2,188,637</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$133,142
Unrestricted	<u>2,055,495</u>
<i>Total Net Assets</i>	<u><u>\$2,188,637</u></u>

See accompanying notes to the basic financial statements.

MUNSON TOWNSHIP
GEOUGA COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2008

	<u>Program Cash Receipts</u>			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$391,541	\$0	\$37,059	(\$354,482)
Public Safety	1,130,674	202,691	110,100	(817,883)
Public Works	1,073,996	0	234,514	(839,482)
Health	11,521	14,200	0	2,679
Conservation-Recreation	67,246	0	0	(67,246)
Other	0	12,175	1,532	13,707
Capital Outlay	375,945	0	0	(375,945)
<i>Total Governmental Activities</i>	<u>\$3,050,923</u>	<u>\$229,066</u>	<u>\$383,205</u>	<u>(2,438,652)</u>
		General Receipts		
		Property Taxes Levied for:		
		General Purposes		413,599
		Road and Bridge Fund		718,170
		Special Fire Levy Fund		660,701
		Grants and Entitlements not Restricted to Specific Programs		596,563
		Interest		77,936
		Miscellaneous		27,202
		<i>Total General Receipts</i>		<u>2,494,171</u>
		Change in Net Assets		55,519
		<i>Net Assets, Beginning of Year</i>		<u>2,133,118</u>
		<i>Net Assets, End of Year</i>		<u>\$2,188,637</u>

See accompanying notes to the basic financial statements.

MUNSON TOWNSHIP
GEAUGA COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	<u>General</u>	<u>Road and Bridge</u>	<u>Special Levy Fire</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$2,055,495	\$50,842	\$8,758	\$73,542	\$2,188,637
<i>Total Assets</i>	<u>\$2,055,495</u>	<u>\$50,842</u>	<u>\$8,758</u>	<u>\$73,542</u>	<u>\$2,188,637</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$150,228	\$0	\$0	\$0	\$150,228
Unreserved:					
Undesignated, Reported in:					
General Fund	1,905,267	0	0	0	1,905,267
Special Revenue Funds	0	50,842	8,758	73,542	133,142
<i>Total Fund Balances</i>	<u>\$2,055,495</u>	<u>\$50,842</u>	<u>\$8,758</u>	<u>\$73,542</u>	<u>\$2,188,637</u>

See accompanying notes to the basic financial statements.

**MUNSON TOWNSHIP
GEAUGA COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008*

	General	Road & Bridge	Special Fire Levy	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$413,599	\$718,170	\$660,701	\$0	\$1,792,470
Charges for Services	0	0	0	202,691	202,691
Licenses, Permits and Fees	36,584	0	0	13,573	50,157
Intergovernmental	598,095	121,177	110,100	113,337	942,709
Interest	74,717	0	0	3,219	77,936
Miscellaneous	6,406	10,886	7,761	15,329	40,382
<i>Total Receipts</i>	<u>1,129,401</u>	<u>850,233</u>	<u>778,562</u>	<u>348,149</u>	<u>3,106,345</u>
Disbursements					
Current:					
General Government	362,339	0	0	29,202	391,541
Public Safety	142,936	0	772,924	214,814	1,130,674
Public Works	47,743	893,007	0	133,246	1,073,996
Health	2,126	0	0	9,395	11,521
Conservation-Recreation	67,246	0	0	0	67,246
Capital Outlay	300,943	39,872	0	35,130	375,945
<i>Total Disbursements</i>	<u>923,333</u>	<u>932,879</u>	<u>772,924</u>	<u>421,787</u>	<u>3,050,923</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>206,068</u>	<u>(82,646)</u>	<u>5,638</u>	<u>(73,638)</u>	<u>55,422</u>
Other Financing Sources					
Other Financing Sources	97	0	0	0	97
<i>Total Other Financing Sources</i>	<u>97</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>97</u>
<i>Net Change in Fund Balances</i>	206,165	(82,646)	5,638	(73,638)	55,519
<i>Fund Balances, Beginning of Year</i>	<u>1,849,330</u>	<u>133,488</u>	<u>3,120</u>	<u>147,180</u>	<u>2,133,118</u>
<i>Fund Balances, End of Year</i>	<u><u>\$2,055,495</u></u>	<u><u>\$50,842</u></u>	<u><u>\$8,758</u></u>	<u><u>\$73,542</u></u>	<u><u>\$2,188,637</u></u>

See accompanying notes to the basic financial statements.

**MUNSON TOWNSHIP
GEAUGA COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$410,162	\$410,162	\$413,599	\$3,437
Licenses, Permits and Fees	36,000	36,584	36,584	0
Intergovernmental	198,787	584,745	598,095	13,350
Interest	54,500	70,814	74,717	3,903
Miscellaneous	3,400	6,668	6,406	(262)
<i>Total receipts</i>	<u>702,849</u>	<u>1,108,973</u>	<u>1,129,401</u>	<u>20,428</u>
Disbursements				
Current:				
General Government	398,501	479,250	383,747	95,503
Public Safety	103,958	279,458	268,136	11,322
Public Works	16,000	49,500	47,743	1,757
Health	5,400	6,400	2,126	4,274
Conservation-Recreation	82,336	102,448	68,886	33,562
Capital Outlay	1,990,200	2,085,463	302,923	1,782,540
<i>Total Disbursements</i>	<u>2,596,395</u>	<u>3,002,519</u>	<u>1,073,561</u>	<u>1,928,958</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,893,546)</u>	<u>(1,893,546)</u>	<u>55,840</u>	<u>1,949,386</u>
Other Financing Sources				
Other Financing Sources	100	100	97	3
<i>Total Other Financing Sources</i>	<u>100</u>	<u>100</u>	<u>97</u>	<u>3</u>
<i>Net Change in Fund Balance</i>	(1,893,446)	(1,893,446)	55,937	1,949,389
<i>Fund Balance, Beginning of Year</i>	1,827,272	1,827,272	1,827,272	0
Prior Year Encumbrances Appropriated	<u>22,058</u>	<u>22,058</u>	<u>22,058</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>(\$44,116)</u>	<u>(\$44,116)</u>	<u>\$1,905,267</u>	<u>\$1,949,389</u>

See accompanying notes to the basic financial statements.

**MUNSON TOWNSHIP
GEAUGA COUNTY**

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road & Bridge Fund
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$668,640	\$668,640	\$718,170	\$49,530
Intergovernmental	165,968	165,968	121,177	(44,791)
Miscellaneous	17,100	17,100	10,886	(6,214)
<i>Total receipts</i>	<u>851,708</u>	<u>851,708</u>	<u>850,233</u>	<u>(1,475)</u>
Disbursements				
Current:				
Public Works	918,244	928,244	893,007	35,237
Capital Outlay	67,049	57,049	39,872	17,177
<i>Total Disbursements</i>	<u>985,293</u>	<u>985,293</u>	<u>932,879</u>	<u>52,414</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(133,585)</u>	<u>(133,585)</u>	<u>(82,646)</u>	<u>50,939</u>
<i>Net Change in Fund Balance</i>	(133,585)	(133,585)	(82,646)	50,939
<i>Fund Balance, Beginning of Year</i>	133,440	133,440	133,440	0
Prior Year Encumbrances Appropriated	<u>48</u>	<u>48</u>	<u>48</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>(\$97)</u>	<u>(\$97)</u>	<u>\$50,842</u>	<u>\$50,939</u>

See accompanying notes to the basic financial statements.

MUNSON TOWNSHIP**GEAUGA COUNTY***Statement of Receipts, Disbursements, and Changes**In Fund Balance - Budget and Actual - Budget Basis**Special Fire Levy Fund**For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$655,407	\$655,407	\$660,701	\$5,294
Intergovernmental	110,406	110,406	110,100	(306)
Miscellaneous	5,000	5,000	7,761	2,761
<i>Total receipts</i>	<u>770,813</u>	<u>770,813</u>	<u>778,562</u>	<u>7,749</u>
Disbursements				
Current:				
Public Safety	773,933	773,933	772,924	1,009
<i>Total Disbursements</i>	<u>773,933</u>	<u>773,933</u>	<u>772,924</u>	<u>1,009</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,120)</u>	<u>(3,120)</u>	<u>5,638</u>	<u>8,758</u>
<i>Net Change in Fund Balance</i>	<u>(3,120)</u>	<u>(3,120)</u>	<u>5,638</u>	<u>8,758</u>
<i>Fund Balance, Beginning of Year</i>	<u>3,120</u>	<u>3,120</u>	<u>3,120</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$8,758</u></u>	<u><u>\$8,758</u></u>

See accompanying notes to the basic financial statements.

MUNSON TOWNSHIP
GEAUGA COUNTY
Statement of Cash Basis Assets and Fund Balances
Agency Fund
December 31, 2008

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$6,074
<i>Total Assets</i>	\$6,074
Net Assets	
Unreserved:	
Undesignated (Deficit), Reported in:	
Other Purposes	\$6,074
<i>Total Net Assets</i>	\$6,074

See accompanying notes to the basic financial statements.

Note 1 – Reporting Entity

Munson Township, Geauga County, Ohio (the Township), is a body politic and corporate established in 1816 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Munson Fire Department for fire protection. Police protection is provided by the Geauga County Sheriff's Department.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. Munson Township does not have any component units.

C. Jointly Governed Organization and Public Entity Risk Pool

The Township participates in the Northeast Ohio Public Energy Council (NOPEC), a jointly governed organization. NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. It was formed to serve as a means for communities to proceed jointly with an aggregation program for the purchase of electricity and gas. Note 9 to the financial statements provides additional information for this entity.

The Township also participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA provides property and casualty coverage for its members. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary fund, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into two categories, governmental and fiduciary.

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Township's major governmental funds:

General Fund – This fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Road and Bridge Fund – This fund receives real estate tax, homestead and rollback, and personal property tax money to maintain and repair township roads and bridges.

Special Fire Levy Fund - This fund receives real estate tax, homestead and rollback, and personal property tax money for costs for operating the fire department.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township's agency fund accounts for donations and scholarships.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

Township records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. 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 negative receipts, respectively.

During 2009 and 2008, the Township invested in nonnegotiable certificates of deposit and, during 2008, STAR Ohio. The nonnegotiable certificates of deposit are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for at the end of any specific day.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2009 and 2008 were \$63,775 and \$74,717, respectively, which include immaterial amounts assigned from other Township funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

Note 2 – Summary of Significant Accounting Policies (continued)

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

I. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for the Road and Bridge and Fire Operating and Apparatus Funds. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Road and Bridge, and Special Fire Levy Funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) for 2009 and 2008 amounted to \$26,932 and \$150,228 for the General Fund, respectively.

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Munson Township
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 4 - Deposits and Investments (continued)

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end 2009, \$2,049,244 of the Township's bank balance of \$2,549,244, and at year end 2008, \$962,269 of the Township's bank balance of \$1,462,269, was exposed to custodial credit risk. These amounts were exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

Munson Township
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 4 - Deposits and Investments (continued)

Deposits (continued)

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2009 and December 31, 2008, the Township had the following investments:

	Carrying Value	Maturity
December 31, 2009		
18 Month Certificate of Deposit	\$109,362	5/25/2010
14 Month Certificate of Deposit	258,187	1/18/2010
Federal Home Loan Bank Bonds	253,803	5/16/2011
Total	\$621,352	
December 31, 2008		
STAR Ohio	\$631,296	3/31/2009
18 Month Certificate of Deposit	105,095	5/25/2010
14 Month Certificate of Deposit	250,000	1/18/2010
Federal Home Loan Bank Bonds	255,110	5/16/2011
Total	\$1,241,501	

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township does not have an investment policy beyond the requirements of state statute. Ohio law addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Munson Township
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2009 and 2008 represent the collection of 2008 and 2007 taxes, respectively. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2008, were levied after October 1, 2009, and are collected in 2010 with real property taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2008, and are collected in 2009 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenue received during 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Tangible personal property tax receipts received during 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007 on the true value as of December 31, 2007. Tangible personal property tax was phased out – the assessment percentage of all property including inventory is 6.25 percent for 2008 and reduced to zero in 2009, except against local and inter-exchange telephone companies. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the years ended December 31, 2009 and 2008, was \$12.25 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 and 2008 property tax receipts were based are as follows:

Category	Assessed Value
2009	
Real Property	
Residential and Agricultural	\$216,293,600
Commercial/Industrial/Public Utility	17,981,080
Public Utility	4,013,310
Total Assessed Value	\$238,287,990

Category	Assessed Value
2008	
Real Property	
Residential and Agricultural	\$212,843,430
Commercial/Industrial/Public Utility	18,333,030
Public Utility	3,768,880
Tangible Personal Property	2,108,400
Total Assessed Value	\$237,053,740

Munson Township
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 5 – Property Taxes (continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 – 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services 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 this arrangement, OTARMA retains insured 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 payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

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	(12,880,766)	(12,981,818)
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments 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. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$22,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>		
<u>2009</u>	<u>2008</u>	<u>2007</u>
\$20,795	\$23,115	\$16,675

Note 6 – Risk Management (continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the traditional pension plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2009 and 2008, members in state and local classifications contributed, 10 percent of covered payroll. The Township employed no public safety members and no law enforcement members in either 2009 or 2008.

The Township's contribution rate for state and local members in 2009 and 2008 was 14.00 percent of covered payroll. For the period January 1 through March 31, 2009, a portion of the Township's contribution equal to 7.00 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. For the period January 1 through December 31, 2008, the portion of the Township's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate of the Township of 14 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$67,597, \$66,036, and \$59,090, respectively. The full amount has been contributed for 2009, 2008, and 2007. There were no contributions to the member-directed plan for 2009 or 2008.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit post-employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2009, the employer contribution allocated to the health care plan from January 1 through March 31, 2009 and April 1 through December 31, 2009 was 7 percent and 5.5 percent of covered payroll, respectively. In 2008, 7 percent of the covered payroll was used to fund health care. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2009, 2008, and 2007 were \$28,245, \$33,018, and \$24,292 respectively. The full amount has been contributed for 2009, 2008, and 2007.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008 and decreased on April 1, 2009 which allowed additional funds to be allocated to the healthcare plan.

Note 9 – Jointly Governed Organization

Northeast Ohio Public Energy Council

The Township is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and gas. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity and gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and gas to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors.

The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Township did not contribute to NOPEC during 2009 or 2008. Financial information can be obtained by contacting NOPEC, 31320 Solon Road, Suite 20, Solon, Ohio 44139.



Dave Yost • Auditor of State

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

Munson Township
Geauga County
12210 Auburn Road
Chardon, Ohio 44024

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Munson Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated January 21, 2011, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. . We also noted the Township processes its financial transactions with 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 audit 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 services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 Control 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 audit procedures for the purpose of expressing our opinion 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-01 described in the accompanying schedule of findings to be a material weakness.

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 grant 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated January 21, 2011.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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



Dave Yost
Auditor of State

January 21, 2011

**MUNSON TOWNSHIP
GEAUGA COUNTY**

**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
SCHEDULE OF FINDINGS**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2009-001

Material Weakness

Proper Accounting for Ohio Public Works Commission Monies

The Township has created and budgeted for the required capital projects fund to account for Issue 2 monies and local matching funds in accordance with the Auditor of State Bulletin. In 2009, payments totaling \$136,299 were made by the Ohio Public Works Commission (OPWC) directly to the vendor on the Township's behalf. The related receipts and expenditures were not recorded to the Township's books. In accordance with Auditor of State Bulletin 2002-004, both the revenue and expenditure activity of the grant should have been included. This may cause the financial statements to be misstated.

Auditor of State Bulletin 2002-004 states that all local governments participating in Issue 2 Funds (single or multi-project grant) must, for each project awarded, establish a capital projects fund to account for both the Issue 2 monies and local matching funds. It is not necessary to obtain authorization from the Auditor of State to establish the fund(s) because the authority exists under Section 5705.09 of the Ohio Revised Code. The purpose of the fund is to account for the related revenues and expenditures to the extent the local government has received benefit from the project. The OPWC will make payments to the contractor(s) for its share based on invoices submitted by the fiscal officer or to the local government as a reimbursement. For payments made to the contractor, the State will notify the fiscal officer of the amount disbursed. Upon receipt of this notice, each local government shall record a receipt and expenditure in the capital projects fund equal to the amount disbursed by the OPWC.

The Township's financial statements and accounting records have been adjusted to properly reflect the receipts and expenditures in the established OPWC capital projects fund.

We recommend the Township post the receipts and expenditures to the appropriate capital projects fund in the accounting system to account for Issue 2 monies and local matching funds.

Official's Response:

After reviewing the financial statements, we agree with the finding. The Township will take appropriate measures to watch this more closely in the future by communicating with the Township Engineer on monitoring the funding sources for projects and the budgetary impact of those projects.

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Dave Yost • Auditor of State

MUNSON 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
FEBRUARY 22, 2011**