

***MONTVILLE TOWNSHIP***

**MEDINA COUNTY, OHIO**

**AUDIT REPORT**

**For the Year Ended December 31, 2011**

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





# Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of Montville Township, Medina County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

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

Dave Yost  
Auditor of State

August 20, 2012

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**MONTVILLE TOWNSHIP**  
**MEDINA COUNTY, OHIO**  
**Audit Report**  
**For the Year Ended December 31, 2011**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Montville Township  
Medina County  
6665 Wadsworth Road  
Medina, Ohio 44256

To the Board of Trustees:

We have audited the accompanying financial statements of Montville Township, Medina County, Ohio as of and for the year ended December 31, 2011. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.


In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2011 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Montville Township, Medina County as of December 31, 2011, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 of Montville Township, Medina County, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 Montville Township, Medina County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2012, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Montville Township, Medina County's financial statements as a whole. The accompanying federal awards expenditure schedule is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The federal awards expenditure schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



**Charles E. Harris & Associates, Inc.**  
May 10, 2012



**MONTVILLE TOWNSHIP  
MEDINA COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN  
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
For the Year Ended December 31, 2011**

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Receipts:</b>				
Property and Other Local Taxes	\$ 590,350	\$ 2,204,610	-	\$ 2,794,960
Licenses, Permits and Fees	39,670	-	-	39,670
Fines and Forfeitures	38,360	-	-	38,360
Intergovernmental	309,552	551,841	-	861,393
Earnings on Investments	6,625	-	-	6,625
Miscellaneous	77,903	22,653	-	100,556
<b>Total Receipts</b>	<b>1,062,460</b>	<b>2,779,104</b>	<b>-</b>	<b>3,841,564</b>
<b>Disbursements:</b>				
<b>Current:</b>				
General Government	696,138	-	-	696,138
Public Safety	-	2,020,261	-	2,020,261
Public Works	-	473,147	-	473,147
Health	14,772	-	-	14,772
Recreation	37,965	-	-	37,965
Capital Outlay	147,493	388,702	\$ 2,674,254	3,210,449
<b>Debt Service:</b>				
Interest and Fiscal Charges	-	2,656	-	2,656
<b>Total Disbursements</b>	<b>896,368</b>	<b>2,884,766</b>	<b>2,674,254</b>	<b>6,455,388</b>
<b>Receipts Over/(Under) Disbursements</b>	<b>166,092</b>	<b>(105,662)</b>	<b>(2,674,254)</b>	<b>(2,613,824)</b>
<b>Other Financing Sources:</b>				
Proceeds of Loan	-	216,031	2,674,254	2,890,285
Transfers In	-	200,000	-	200,000
Transfers Out	(200,000)	-	-	(200,000)
Sale of Fixed Assets	-	6,323	-	6,323
<b>Total Other Financing Sources</b>	<b>(200,000)</b>	<b>422,354</b>	<b>2,674,254</b>	<b>2,896,608</b>
<b>Excess Receipts and Other Financing Sources Over Disbursements</b>	<b>(33,908)</b>	<b>316,692</b>	<b>-</b>	<b>282,784</b>
<b>Fund Balance January 1, 2011</b>	<b>1,595,837</b>	<b>3,031,436</b>	<b>-</b>	<b>4,627,273</b>
<b>Fund Cash Balance December 31, 2011</b>				
Restricted	-	3,348,128	-	3,348,128
Assigned	1,338	-	-	1,338
Unassigned	1,560,591	-	-	1,560,591
<b>Fund Balance December 31, 2011</b>	<b>\$ 1,561,929</b>	<b>\$ 3,348,128</b>	<b>\$-</b>	<b>\$ 4,910,057</b>

See accompanying Notes to the Financial Statements.

**MONTVILLE TOWNSHIP  
MEDINA COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

Montville Township, Medina County (the Township) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three member Board of Trustees and a publicly-elected Fiscal Officer. The Township provides road and bridge maintenance, cemetery maintenance and police protection. The Township contracts with the City of Medina for fire protection. Also, the Township contracts with the Medina General Hospital Life Support Team for emergency medical services.

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

**B. BASIS OF ACCOUNTING**

The Township prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

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

**C. CASH**

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. FUND ACCOUNTING**

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

**Governmental Fund Types:**

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

**MONTVILLE TOWNSHIP  
MEDINA COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2011**

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

**D. FUND ACCOUNTING – (continued)**

**Special Revenue Funds:** These funds are used to account for proceeds from special sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. The Township has the following significant Special Revenue funds:

- *Road and Bridge Fund* – This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.
- *Police Fund* – This fund receives property taxes, fines and intergovernmental receipts to provide police services to the Township residents.
- *Fire Fund* – This fund receives property taxes and intergovernmental receipts to provide fire protection services.
- *Ambulance Fund* – This fund receives property taxes and intergovernmental receipts to provide emergency rescue services.

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

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

**E. BUDGETARY PROCESS**

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

**1. Estimated Resources**

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

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

**MONTVILLE TOWNSHIP  
MEDINA COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2011**

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

**E. BUDGETARY PROCESS - (continued)**

**1. Estimated Resources - (continued)**

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

Budgeted receipts, as shown in Note 6, do not include the unencumbered fund balances as of January 1, 2011. However, those fund balances are available for appropriation.

**2. Appropriations**

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

**3. Encumbrances**

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

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

**F. PROPERTY, PLANT AND EQUIPMENT**

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

**G. ACCUMULATED LEAVE**

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

**MONTVILLE TOWNSHIP  
MEDINA COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**H. FUND BALANCE**

For December 31, 2011, fund balance is divided into classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**MONTVILLE TOWNSHIP  
MEDINA COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2011**

**2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

The Township maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>2011</u>
Demand Deposit	<u>\$ 1,810,057</u>
Total Deposits	<u>1,810,057</u>
Investments:	
STAR-Ohio	<u>3,100,000</u>
Total Investments	<u>3,100,000</u>
Total Deposits and Investments	<u><u>\$ 4,910,057</u></u>

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

**3. PROPERTY TAXES**

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the Township. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Medina County Auditor's Office at 35% of appraised market value. All property is required to be revalued every six year. The last revaluation for the Township was completed in 2011; an update will be done in 2014.

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

Taxes collected from tangible personal property (other than public utility) received during calendar year 2011 represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes on business inventory, manufacturing and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied April 1, 2009 on the values listed as of December 31, 2009. Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year proceeding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

**MONTVILLE TOWNSHIP  
MEDINA COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2011**

**4. DEBT**

Debt outstanding at December 31, 2011 is as follows:

	Principal	Interest Rate
USDA Loan	\$ 2,969,112	4%

The Township obtained a \$3,531,000 loan from the USDA Rural Development for construction of the safety service center. As of December 31, 2011, all loan proceeds have not been disbursed. The loan term is 30 years. However, the Township intends to repay the loan in seven years. An amortization schedule is not available.

**5. TRANSFERS**

The Township transferred \$200,000 from the General Fund to the Road and Bridge Fund – Special Revenue Fund to subsidy operations.

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

**6. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2011 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,021,074	\$ 1,062,460	\$ 41,386
Special Revenue	3,234,202	3,201,458	(32,744)
Capital Projects	2,675,031	2,674,254	(777)
<b>Total</b>	<b>\$ 6,930,307</b>	<b>\$ 6,938,172</b>	<b>\$ 7,865</b>

2011 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,477,922	\$ 1,097,706	\$ 380,216
Special Revenue	3,607,131	2,888,310	718,821
Capital Projects	2,675,031	2,674,254	777
<b>Total</b>	<b>\$ 7,760,084</b>	<b>\$ 6,660,270</b>	<b>\$ 1,099,814</b>

**MONTVILLE TOWNSHIP  
MEDINA COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2011**

**7. RETIREMENT SYSTEM**

Employees of the Township belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a state operated, cost sharing, multiple employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. Non-police OPERS members contributed 10% of their gross pay while the Township contributed an amount equal to 14% of covered payroll. The Township picked up 3% of the Road Department's employee contributions. The Township paid all required contributions through 2010.

For 2011, police OPERS members contributed 11.1% of their gross pay while the Township contributed an amount equal to 17.87% of covered payroll, respectively. The Township picked up 6% of the police department's employee contributions. The Township paid all required contributions through 2010.

**8. RISK MANAGEMENT**

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. 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, 2010, 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.



**MONTVILLE TOWNSHIP  
MEDINA COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2011**

**8. RISK MANAGEMENT (continued)**

**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, 2010 and 2009 (the latest information available).

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$21,909.

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>2010</u>	<u>2009</u>
\$25,481	\$23,362

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.

**9. CONTINGENT LIABILITES/SUBSEQUENT EVENTS**

Management believes there are no pending claims or lawsuits.

**MONTVILLE TOWNSHIP  
MEDINA COUNTY  
FEDERAL AWARDS EXPENDITURE SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31 2011**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>		
<i>Direct from Federal Government:</i>		
ARRA - Community Facilities Loans and Grants	10.780	\$ 2,890,285
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>		
<i>Pass through Ohio Department of Public Safety</i>		
ARRA - Edward Byrne Justice Assistance Grant Formula Program	16.803	9,483
Edward Byrne Justice Assistance Grant Formula Program	16.738	17,310
Bulletproof Vest Partnership Program	16.607	<u>1,379</u>
<b>Total Federal Awards Expenditures</b>		<b><u>\$ 2,918,457</u></b>

The schedule was prepared on the cash basis of accounting.

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

Montville Township  
Medina County  
6665 Wadsworth Road  
Medina, Ohio 44256

To the Board of Trustees:

We have audited the financial statements of Montville Township, Medina County, Ohio (the Township) as of and for the year ended December 31, 2011, and have issued our report thereon dated May 10, 2012, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. Also, for 2011, we noted the Township implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Controls Over Financial Reporting**

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

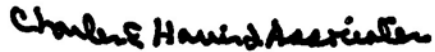
*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies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

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

**Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and 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 intend this report solely for the information and use of management, the audit committee, the Board of Trustees, federal awarding agencies and pass-through entities and others within the Township. We intend it for no one other than these specified parties.



***Charles E. Harris and Associates, Inc.***

May 10, 2012

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

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

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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Montville Township  
Medina County  
6665 Wadsworth Road  
Medina, Ohio 44256

To the Board of Trustees:

**Compliance**

We have audited the compliance of Montville Township, Medina County, Ohio's (the Township) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Township's major federal program for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the Township's major federal program. The Township's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the Township's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards* and OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Township's compliance with these requirements.

In our opinion, Montville Township, Medina County, Ohio complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2011.

**Internal Control Over Compliance**

The Township's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Township's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Township's internal control over compliance.

**A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.**

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

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees, others within the Township, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

*Charles Harris Associates*

**CHARLES E. HARRIS & ASSOCIATES, INC.**  
May 10, 2012

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505**

**Montville Township  
Medina County  
December 31, 2011**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	ARRA - Community Facilities Loans and Grants CFDA #10.780
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

**SCHEDULE OF FINDINGS - (continued)**  
**OMB CIRCULAR A-133 SECTION .505**

**Montville Township**  
**Medina County**  
**December 31, 2011**

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.



**MONTVILLE TOWNSHIP  
MEDINA COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2011**

**The prior audit report, for the years ending December 31, 2010 and 2009, reported no material citations or recommendations.**

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# Dave Yost • Auditor of State

**MONTVILLE TOWNSHIP**

**MEDINA COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 30, 2012**