

**MONROE TOWNSHIP**

**INDEPENDENT AUDITOR'S REPORT**

FOR THE YEARS ENDED  
DECEMBER 31, 2008 AND DECEMBER 31, 2007

Varney, Fink & Associates, Inc.  
Certified Public Accountants





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Monroe Township  
2808 Tucker Road  
Lucas, Ohio 44843

We have reviewed the *Independent Auditor's Report* of Monroe Township, Richland County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2007 through December 31, 2008. 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 *Independent Auditors' Report* 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 *Independent Auditors' Report* 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. Monroe Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

September 28, 2009

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**MONROE TOWNSHIP, OHIO  
SUMMIT COUNTY  
FOR THE YEARS ENDED  
DECEMBER 31, 2008 AND DECEMBER 31, 2007**

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**CERTIFIED PUBLIC ACCOUNTANTS  
121 College Street  
Wadsworth, Ohio 44281  
330.336.1706 Fax 330.334.5118**

**INDEPENDENT AUDITOR'S REPORT**

Monroe Township, Richland County  
P.O. Box 503  
Lucas, Ohio 44843

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Richland County, (the Township), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance 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, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 and 2007. 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 Townships to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

## INDEPENDENT AUDITOR'S REPORT (continued)

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2009, 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 express an opinion 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.

*Varney, Fink & Associates*

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

August 10, 2009

**Monroe Township, Richland County**  
 Combined Statement of Receipts, Disbursements and  
 Changes in Fund Cash Balances - All Governmental Fund Types  
 For the Year Ended December 31, 2008

	General	Special Revenue	Total (Memorandum Only)
Receipts			
Taxes	\$45,493	\$534,150	\$579,643
Intergovernmental Receipts	42,481	168,596	211,077
Fines, Licenses and Permits	518	0	518
Interest	7,984	421	8,405
All Other Receipts	7,888	62,050	69,938
Total Receipts	<u>104,364</u>	<u>765,217</u>	<u>869,581</u>
Disbursements			
Current:			
General Government	85,692	272,323	358,015
Public Works	11,092	302,299	313,391
Health	2,222	14,581	16,803
Conservation - Recreation	0	5,590	5,590
Capital Outlay	0	29,083	29,083
Debt Service:			
Principal Retirement	0	46,186	46,186
Interest and Fiscal Charges	0	2,021	2,021
Total Disbursements	<u>99,006</u>	<u>672,083</u>	<u>771,089</u>
Total Receipts Over Disbursements	5,358	93,134	98,492
Fund Cash Balances, January 1, 2008	<u>44,699</u>	<u>296,746</u>	<u>341,445</u>
Fund Cash Balances, December 31, 2008	<u>\$50,057</u>	<u>\$389,880</u>	<u>\$439,937</u>
Reserve for Encumbrances	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

The accompanying notes are an integral part of the financial statements.



**Monroe Township, Richland County**  
 Combined Statement of Receipts, Disbursements and  
 Changes in Fund Cash Balances - All Governmental Fund Types  
 For the Year Ended December 31, 2007

	General	Special Revenue	Total (Memorandum Only)
Receipts			
Taxes	\$47,150	\$548,279	\$595,429
Intergovernmental Receipts	41,175	143,759	184,934
Fines, Licenses and Permits	701	0	701
Interest	19,868	1,712	21,580
All Other Receipts	9,956	35,777	45,733
Total Receipts	<u>118,850</u>	<u>729,527</u>	<u>848,377</u>
Disbursements			
Current:			
General Government	90,693	273,025	363,718
Public Works	66,000	366,997	432,997
Health	6,200	1,650	7,850
Conservation - Recreation	0	6,044	6,044
Debt Service:			
Principal Retirement	0	69,031	69,031
Interest and Fiscal Charges	0	4,585	4,585
Total Disbursements	<u>162,893</u>	<u>721,332</u>	<u>884,225</u>
Total Receipts Over (Under) Disbursements	(44,043)	8,195	(35,848)
Fund Cash Balances, January 1, 2007	<u>88,742</u>	<u>288,551</u>	<u>377,293</u>
Fund Cash Balances, December 31, 2007	<u>\$44,699</u>	<u>\$296,746</u>	<u>\$341,445</u>
Reserve for Encumbrances	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

The accompanying notes are an integral part of the financial statements.

MONROE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

Monroe Township, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected, three-member Board. The Township provides general governmental services, including road and cemetery maintenance, park operations and fire protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (ie. when an encumbrance is approved).

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

C. 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 Township classifies its funds into the following types:

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

**Special Revenue Funds** - These funds are used to account for proceeds from specific sources (other than for capital projects) that are legally restricted to expenditure for specific purposes.

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

MONROE TOWNSHIP  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

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

**Appropriations** - Budgetary expenditures (disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

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

**Encumbrances** - The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 4.

E. Property, Plant and Equipment

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

2. **COMPLIANCE**

Contrary to Ohio Revised Code Section 5705.41(B), the Township had a fund where expenditures plus encumbrances exceeded authorized appropriations.

3. **EQUITY IN POOLED CASH AND INVESTMENTS**

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

Deposits	2008	2007
Demand Deposits	\$220,846	\$66,027
Time Deposits	9,000	45,621
Total Deposits	229,846	111,648
Investments		
STAR Ohio	210,091	229,797
Total Deposits and Investments	\$439,937	\$341,445

MONROE TOWNSHIP  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

3. **EQUITY IN POOLED CASH AND INVESTMENTS** (continued)

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

4. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2008 and December 31, 2007 was as follows:

2008 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$107,607	\$104,364	(\$3,243)
Special Revenue	1,122,438	765,217	(357,221)
Total	<u>\$1,230,045</u>	<u>\$869,581</u>	<u>(\$360,464)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$156,473	\$99,006	\$57,467
Special Revenue	971,205	672,083	288,122
Total	<u>\$1,127,678</u>	<u>\$771,089</u>	<u>\$356,589</u>

2007 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$95,772	\$118,850	\$23,078
Special Revenue	648,520	729,527	81,007
Total	<u>\$744,292</u>	<u>\$848,377</u>	<u>\$104,085</u>

MONROE TOWNSHIP  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

4. **BUDGETARY ACTIVITY** (continued)

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$188,681	\$162,893	\$25,788
Special Revenue	933,148	721,332	211,816
Total	<u>\$1,121,829</u>	<u>\$884,225</u>	<u>\$237,604</u>

5. **PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal property located within the Township.

Tangible personal property tax is assessed to the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting and distributing all property taxes on behalf of the Township.

6. **RETIREMENT SYSTEMS**

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer defined pension plan. This plan provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to: Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)466-2085 or 1-800-222-7377.

MONROE TOWNSHIP  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

6. **RETIREMENT SYSTEMS** (continued)

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2008 and 2007, OPERS members contributed 10.0% and 9.5%, respectively, of their gross salaries and the Township contributed an amount equal to 14.0% and 13.35%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

7. **RISK MANAGEMENT**

The Township is a member of the Ohio Government Risk Management Plan. The Plan is an unincorporated non-profit association of its members for the purpose of providing its members a jointly administered self-insurance program. The Plan assumes the risk of loss minus the Township's deductible contribution. Risks covered by the Plan are comprehensive property and general liability, vehicles and public official's liability.

8. **DEBT**

The Township's debt obligations outstanding as of December 31, 2008 consisted of the following:

	Balance 12/31/2007	Additions	Deletions	Balance 12/31/2008
Fire Equipment Bonds	\$46,186	\$0	(\$46,186)	\$0
Total	<u>\$46,186</u>	<u>\$0</u>	<u>(\$46,186)</u>	<u>\$0</u>

The Township's debt obligations outstanding as of December 31, 2007 consisted of the following:

	Balance 12/31/2006	Additions	Deletions	Balance 12/31/2007
Real Estate Acquisition Bond	\$15,806	\$0	(\$15,806)	\$0
Fire Equipment Bonds	38,886	0	(38,886)	0
Fire Equipment Bonds	<u>60,525</u>	<u>0</u>	<u>(14,339)</u>	<u>46,186</u>
Total	<u>\$115,217</u>	<u>\$0</u>	<u>(\$69,031)</u>	<u>\$46,186</u>

The Township paid off the Fire Equipment Bonds prior to the debt agreement's scheduled completion.

MONROE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

9. **SUBSEQUENT EVENT**

On February 2, 2009, the Township approved a lease and option agreement in the amount of \$444,058 for the lease of two fire trucks.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Monroe Township, Richland County  
P.O. Box 503  
Lucas, Ohio 44843

To the Board of Trustees:

We have audited the financial statements of Monroe Township, Richland County (the Township) as of and for the years ended December 31, 2008 and December 31, 2007, and have issued our report thereon dated August 10, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than the accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.



**Monroe Township**  
**Report on Internal Control Over**  
**Financial Reporting and on Compliance and Other Matters**  
**Based on an Audit of Financial Statements performed in**  
**Accordance with *Government Auditing Standards***  
Page 2

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses 2008-001.

We noted certain matters that we reported to management of the Township, in a separate letter dated August 10, 2009.

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

This report is intended solely for the information and use of management and Township Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

*Varney, Fink & Associates*

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

August 10, 2009

MONROE TOWNSHIP  
 RICHLAND COUNTY  
 SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
 YEARS ENDING DECEMBER 31, 2008 AND DECEMBER 31, 2007

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

*Finding 2008-01      Non-Compliance*

Section 5705.41(B), Revised Code, requires that no subdivision or taxing unit is to expend money unless it has been appropriated. At December 31, 2008, expenditures plus outstanding encumbrances exceeded appropriations in the following fund:

2008	Appropriation Authority	Budgetary Expenditures	Variance
Federal Fund	\$0	\$7,551	(\$7,551)

The Clerk should frequently compare actual expenditures plus outstanding encumbrances to appropriations to avoid potential overspending.

Officials Response:                      Contact Person:    Brigette R. Banks, Fiscal Officer

The appropriations will be monitored more closely so that expenditures will not exceed appropriations.

**MONROE TOWNSHIP  
RICHLAND COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2008  
AND DECEMBER 31, 2007**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	<u>Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No Longer Valid; Explain</u>
2006-01	Expenditures plus outstanding encumbrances exceeded appropriations.	No	Not Corrected, Reissued as Finding 2008-001





Mary Taylor, CPA  
Auditor of State

**MONROE TOWNSHIP**

**RICHLAND 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  
OCTOBER 8, 2009**