

***MONROE TOWNSHIP***

**RICHLAND COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2012 and 2011**







# Dave Yost • Auditor of State

Board of Trustees  
Monroe Township  
P.O. Box 53  
Lucas, Ohio 44843

We have reviewed the *Report of Independent Accountants* of Monroe Township, Richland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2011 through December 31, 2012. 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. The Monroe 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

June 20, 2013

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**MONROE TOWNSHIP**  
**RICHLAND COUNTY, OHIO**  
**Audit Report**  
**For the Years Ended December 31, 2012 and 2011**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

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

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Monroe Township, Richland County, (the Township) as of and for the years ended December 31, 2012 and 2011.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

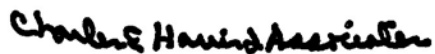
In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Monroe Township, Richland County as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

***Emphasis of Matter***

As discussed in Note 9 to the financial statements, during 2011 Monroe Township, Richland County, adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



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

May 10, 2013

**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, 2012**

	<u>Governmental Fund Types</u>		<u>(Memorandum Only) Total</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>RECEIPTS:</b>			
Property and Other Local Taxes	\$ 46,715	\$ 504,581	\$ 551,296
Charges for Services	-	28,135	28,135
Licenses, Permits and Fees	744	-	744
Intergovernmental	37,279	155,094	192,373
Earnings on Investments	455	28	483
Miscellaneous	8,051	3,043	11,094
<b>Total Cash Receipts</b>	<b>93,244</b>	<b>690,881</b>	<b>784,125</b>
<b>DISBURSEMENTS:</b>			
<b>Current:</b>			
General Government	80,609	-	80,609
Public Safety	-	148,218	148,218
Public Works	-	365,507	365,507
Health	49	4,703	4,752
Conservation-Recreation	-	5,626	5,626
<b>Debt Service:</b>			
Principal Retirement	-	39,674	39,674
Interest and Fiscal Charges	-	16,135	16,135
<b>Total Cash Disbursements</b>	<b>80,658</b>	<b>579,863</b>	<b>660,521</b>
<b>Net Change in Fund Cash Balances</b>	<b>12,586</b>	<b>111,018</b>	<b>123,604</b>
<b>Fund Cash Balance, January 1, 2012</b>	<b>63,086</b>	<b>690,318</b>	<b>753,404</b>
<b>Fund Cash Balances, December 31, 2012</b>			
Restricted	-	801,336	801,336
Unassigned	75,672	-	75,672
<b>Fund Cash Balance, December 31, 2012</b>	<b>\$ 75,672</b>	<b>\$ 801,336</b>	<b>\$ 877,008</b>



**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, 2011**

	<u>Governmental Fund Types</u>		(Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<b>RECEIPTS:</b>			
Property and Other Local Taxes	\$ 47,693	\$ 500,979	\$ 548,672
Charges for Services	-	19,268	19,268
Licenses, Permits and Fees	221	-	221
Intergovernmental	37,753	153,233	190,986
Earnings on Investments	377	8	385
Miscellaneous	9,637	8,665	18,302
<b>Total Cash Receipts</b>	<b>95,681</b>	<b>682,153</b>	<b>777,834</b>
<b>DISBURSEMENTS:</b>			
Current:			
General Government	85,911	-	85,911
Public Safety	-	127,109	127,109
Public Works	-	365,030	365,030
Health	-	2,731	2,731
Conservation-Recreation	-	5,434	5,434
Debt Service:			
Principal Retirement	-	37,786	37,786
Interest and Fiscal Charges	-	18,022	18,022
<b>Total Cash Disbursements</b>	<b>85,911</b>	<b>556,112</b>	<b>642,023</b>
Cash Receipts Over/(Under) Cash Disbursements	9,770	126,041	135,811
Other Financing Receipts (Disbursements) Other Financing Uses	(884)	-	-
<b>Net Change in Fund Cash Balances</b>	<b>8,886</b>	<b>126,041</b>	<b>134,927</b>
<b>Fund Cash Balance, January 1, 2011</b>	<b>54,200</b>	<b>564,277</b>	<b>618,477</b>
<b>Fund Cash Balances, December 31, 2011</b>			
Restricted	-	690,318	690,318
Unassigned	63,086	-	63,086
<b>Fund Cash Balance, December 31, 2011</b>	<b>\$ 63,086</b>	<b>\$ 690,318</b>	<b>\$ 753,404</b>

**MONROE TOWNSHIP**  
**RICHLAND COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For The Years Ended December 31, 2012 and 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

Monroe Township, Richland County, Ohio, (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 of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, park operations, fire protection and emergency medical services.

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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. DEPOSITS AND INVESTMENTS**

The Township's accounting basis includes investments as assets. This basis does not report disbursements for investments purchases or receipts for investments sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. FUND ACCOUNTING**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**MONROE TOWNSHIP**  
**RICHLAND COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For The Years Ended December 31, 2012 and 2011**

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

D. **FUND ACCOUNTING** - (continued)

2. **Special Revenue Funds**

These funds account for the proceeds of specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had 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.

*Fire Levy Fund* – This fund receives levy money for the operation of the Township’s fire department.

E. **BUDGETARY PROCESS**

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

1. **Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level and appropriations may not exceed estimated resources. The Township Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations at year-end are carried over to the subsequent year.

2. **Estimated Resources**

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

3. **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 reappropriated.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

MONROE TOWNSHIP  
RICHLAND COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. FUND BALANCE

Fund balance is divided into five 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**

The Board can *commit* amounts via formal action by resolution. The Township must adhere to these commitments unless the Board amends 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 the Township Board 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.

**MONROE TOWNSHIP  
 RICHLAND COUNTY, OHIO  
 Notes to the Financial Statements  
 For The Years Ended December 31, 2012 and 2011**

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

**G. PROPERTY, PLANT AND EQUIPMENT**

The Township records disbursements for acquisition of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**H. ACCUMULATED LEAVE**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	<u>2012</u>	<u>2011</u>
Demand deposits	\$661,830	\$538,386
Certificates of deposit	4,000	4,000
<b>Total deposits</b>	<b>665,830</b>	<b>542,386</b>
Star Ohio	211,178	211,018
<b>Total deposits and investments</b>	<b><u><u>\$877,008</u></u></b>	<b><u><u>\$753,404</u></u></b>

*Deposits:* Deposits are either (1) insured by the Federal Depository 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.

*Investments:* Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

MONROE TOWNSHIP  
 RICHLAND COUNTY, OHIO  
 Notes to the Financial Statements  
 For The Years Ended December 31, 2012 and 2011

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2012 and 2011 is as follows:

<u>2012 Budgeted vs. Actual Receipts</u>				
<u>Fund Type</u>	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Receipts</u>		<u>Receipts</u>	
General	\$ 89,850	\$	93,244	\$ 3,394
Special Revenue	633,317		690,881	57,564

<u>2012 Budgeted vs. Actual Budgetary Basis Disbursements</u>				
<u>Fund Type</u>	<u>Total</u>		<u>Budgetary</u>	<u>Variance</u>
	<u>Appropriations</u>		<u>Disbursements</u>	
General	\$ 119,139	\$	80,658	\$ 38,481
Special Revenue	885,009		579,863	305,146

<u>2011 Budgeted vs. Actual Receipts</u>				
<u>Fund Type</u>	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Receipts</u>		<u>Receipts</u>	
General	\$ 95,651	\$	95,681	\$ 30
Special Revenue	679,703		682,153	2,450

<u>2011 Budgeted vs. Actual Budgetary Basis Disbursements</u>				
<u>Fund Type</u>	<u>Total</u>		<u>Budgetary</u>	<u>Variance</u>
	<u>Appropriations</u>		<u>Disbursements</u>	
General	\$ 124,422	\$	86,795	\$ 37,627
Special Revenue	903,479		556,112	347,367

**MONROE TOWNSHIP  
 RICHLAND COUNTY, OHIO  
 Notes to the Financial Statements  
 For The Years Ended December 31, 2012 and 2011**

**4. PROPERTY TAXES**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by 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.

**5. DEBT**

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Trucks - Capital Lease	\$283,306	4.90%
Total	\$283,306	

The capital lease relates to the acquisition of two fire trucks in 2009. The lease will be paid in yearly installments of \$55,808, with the final payment due in 2018.

Amortization of the above debt is scheduled as follows:

Year ending Decemehr 31:	Capital Lease		
	Principal	Interest	Total
2013	\$41,656	\$14,152	\$55,808
2014	43,737	12,071	55,808
2015	45,921	9,887	55,808
2016	48,215	7,593	55,808
2017	50,624	5,184	55,808
2018	53,153	2,655	55,808
Total	\$283,306	\$51,542	\$334,848

**MONROE TOWNSHIP  
RICHLAND COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2012 and 2011**

**6. RETIREMENT SYSTEM**

All employees of the Township belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2012.

**7. RISK MANAGEMENT**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (41.5% effective November 1, 2011, 40% through October 31, 2011 and 17.5% through October 31, 2010) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 782 and 761 members as of December 31, 2011 and 2010 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010 (the latest information available).

	2011	2010
Assets	\$12,501,280	\$12,036,541
Liabilities	(5,328,761)	(4,845,056)
Members' Equity	\$7,172,519	\$7,191,485



**MONROE TOWNSHIP**  
**RICHLAND COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For The Years Ended December 31, 2012 and 2011**

7. **RISK MANAGEMENT** – (continued)

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

8. **CONTINGENT LIABILITIES/SUBSEQUENT EVENTS**

Management believes there are no pending claims or lawsuits.

9. **CHANGE IN ACCOUNTING PRINCIPLE**

In 2011, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on the fund balances as previously reported.

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

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Monroe Township, Richland Township (the Township) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated May 10, 2013 wherein we noted the Township followed a special purpose framework the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider finding 2012-Monroe-001 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, opining 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*.

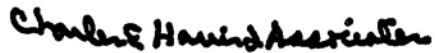
We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 10, 2013.

***Entity's Response to Findings***

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.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris and Associates, Inc.***  
May 10, 2013

**MONROE TOWNSHIP  
RICHLAND COUNTY  
SCHEDULE OF FINDINGS  
December 31, 2012 and 2011**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2012-Monroe-001 – Material Weakness**

The Ohio Township Handbook and the UAN accounting system provide suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance and with the budget and prepare annual reports in the format required by the Auditor of State.

During 2011 and 2012, the Township recorded several transactions incorrectly. The more significant adjustments are as follows:

- Recorded several homestead and rollback reimbursements as property tax receipts, rather than intergovernmental receipts
- Recorded several motor vehicle license tax receipts as gasoline tax receipts
- Recorded several permissive sales tax receipts as gasoline tax receipts
- Recorded several gasoline tax receipts as permissive sales tax receipts

Adjustments were made in the financial statements and the Township's records to reflect the proper presentation.

We recommend that the Township refer to the Ohio Township Handbook and/or UAN accounting system to properly classify its financial activity. We also recommend that the Township record all homestead and rollback revenue and state grants in the appropriate revenue line items.

**Management Response:**

Management indicated they will take precautions to post transactions correctly in the future.



# Dave Yost • 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  
JULY 9, 2013**