

MONROE TOWNSHIP

RICHLAND COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2024 & 2023**



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Trustees
Monroe Township
P.O. Box 503
Lucas, OH 44843

We have reviewed the *Independent Auditor's Report* of Monroe Township, Richland County, prepared by Julian & Grube, Inc., for the audit period January 1, 2023 through December 31, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

June 05, 2025

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**MONROE TOWNSHIP
RICHLAND COUNTY, OHIO**

TABLE OF CONTENTS

| | <u>PAGE</u> |
|---|-------------|
| Independent Auditor's Report | 1 - 3 |
| Financial Statements: | |
| Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2024 | 4 |
| Notes to the Financial Statement – For the Year Ended December 31, 2024 | 5 - 10 |
| Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2023 | 11 |
| Notes to the Financial Statement – For the Year Ended December 31, 2023 | 12 - 17 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> | 18 - 19 |

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Independent Auditor's Report

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

To the Members of the Board of Trustees:

Report on the Audit of the Financial Statements***Opinions***

We have audited the accompanying financial statements of Monroe Township, Richland County, Ohio, which comprises the cash balances, receipts, and disbursements for each governmental type as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental fund type of Monroe Township, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as described in Note 2.

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" section of our report, the accompanying 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 Monroe Township, as of December 31, 2024 and 2023, or changes in financial position thereof for the years then ended.

Basis for Opinions

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. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Monroe Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Monroe Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and GAAP, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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(C). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Monroe Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Monroe Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Monroe Township's ability to continue as a going concern for a reasonable period of time.

Monroe Township
Richland County
Independent Auditor's Report

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2025 on our consideration of Monroe Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Monroe Township's 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 Monroe Township's internal control over financial reporting and compliance.



Julian & Grube, Inc.
March 28, 2025

Monroe Township
Richland County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2024

| | Governmental Fund Types | | Totals |
|---|-------------------------|---------------------|----------------------|
| | General | Special Revenue | (Memorandum Only) |
| Cash Receipts | | | |
| Property and Other Local Taxes | \$ 105,182 | \$ 933,075 | \$ 1,038,257 |
| Licenses, Permits and Fees | 950 | - | 950 |
| Intergovernmental | 41,324 | 235,192 | 276,516 |
| Earnings on Investments | 41,055 | 11,372 | 52,427 |
| Miscellaneous | 16,784 | 9,868 | 26,652 |
| <i>Total Cash Receipts</i> | <u>205,295</u> | <u>1,189,507</u> | <u>1,394,802</u> |
| Cash Disbursements | | | |
| Current: | | | |
| General Government | 110,892 | - | 110,892 |
| Public Safety | - | 220,109 | 220,109 |
| Public Works | - | 640,849 | 640,849 |
| Conservation-Recreation | - | 8,875 | 8,875 |
| Capital Outlay | - | 549,594 | 549,594 |
| <i>Total Cash Disbursements</i> | <u>110,892</u> | <u>1,419,427</u> | <u>1,530,319</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>94,403</u> | <u>(229,920)</u> | <u>(135,517)</u> |
| <i>Fund Cash Balances, January 1</i> | <u>183,375</u> | <u>2,191,294</u> | <u>2,374,669</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 277,778</u> | <u>\$ 1,961,374</u> | <u>\$ 2,239,152</u> |

See accompanying notes to the financial statement

Monroe Township
Richland County
Notes to the Financial Statement
For the Year Ended December 31, 2024

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Monroe Township, Richland County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

Public Entity Risk Pool

The Township participates in a public entity risk pool and is associated with the Ohio Plan Risk Management, Inc. (OPRM). Note 6 to the financial statement provides additional information for this entity. The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statement consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are all organized on a fund type basis.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund The Road and Bridge Fund receives property tax money for the constructing, maintaining, and repairing the Township's roads and bridges.

Fire Levy Fund The Fire Levy Fund receives levy money for the operation of the Township's fire department.

Monroe Township
Richland County
Notes to the Financial Statement
For the Year Ended December 31, 2024

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

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

A summary of 2024 budgetary activity appears in Note 3.

Deposits and Investments

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Accumulated Leave

Township employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

Monroe Township
Richland County
Notes to the Financial Statement
For the Year Ended December 31, 2024

Leases

The Township is the lessor in various leases (as defined by GASB 87) related to buildings under noncancelable leases. Lease revenue is recognized when it is received.

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:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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.

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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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. For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Monroe Township
Richland County
Notes to the Financial Statement
For the Year Ended December 31, 2024

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2024 follows:

| 2024 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|--------------------|--------------------|------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$129,700 | \$205,295 | \$75,595 |
| Special Revenue | 963,800 | 1,189,507 | 225,707 |
| Total | <u>\$1,093,500</u> | <u>\$1,394,802</u> | <u>\$301,302</u> |

| 2024 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|-------------------------|------------------------|------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$142,133 | \$110,892 | \$31,241 |
| Special Revenue | 2,000,405 | 1,419,428 | 580,977 |
| Total | <u>\$2,142,538</u> | <u>\$1,530,320</u> | <u>\$612,218</u> |

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

| | 2024 |
|--|---------------------------|
| <i>Cash Management Pool:</i> | |
| Demand deposits | \$2,028,000 |
| Certificates of deposit | 4,000 |
| Total deposits | <u>2,032,000</u> |
| STAR Ohio | <u>207,152</u> |
| Total investments | <u>207,152</u> |
| <i>Total carrying amount of deposits and investments</i> | <u><u>\$2,239,152</u></u> |

The Township does not have a payroll clearing account. The disbursements included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2024, the Township is holding no unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Monroe Township
Richland County
Notes to the Financial Statement
For the Year Ended December 31, 2024

Investments

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

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statement includes these credits and/or deduction 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.

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

Note 6 – Risk Management

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management programs 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.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023 (latest available information).

| | |
|-----------------|---------------------|
| Assets | \$ 23,113,696 |
| Liabilities | (16,078,587) |
| Members' Equity | <u>\$ 7,035,109</u> |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Monroe Township
Richland County
Notes to the Financial Statement
For the Year Ended December 31, 2024

Workers' Compensation

Workers Compensation premium is paid on an annual basis by the Township. A true-up report is submitted to the Bureau of Workers Compensation annually to verify premiums paid. The annual premium is based on the gross payroll of all Township employees and what is paid to the Fire Department volunteers times the rate given to the Township by the Ohio Bureau of Workers Compensation.

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2024.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2024, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2024, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – Contingent Liabilities

The amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 10 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the Township had no outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Monroe Township
Richland County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

| | <u>Governmental Fund Types</u> | | Totals |
|--|--------------------------------|----------------------------|----------------------|
| | <u>General</u> | <u>Special Revenue</u> | (Memorandum Only) |
| Cash Receipts | | | |
| Property and Other Local Taxes | \$ 86,170 | \$ 864,331 | \$ 950,501 |
| Licenses, Permits and Fees | 850 | - | 850 |
| Intergovernmental | 42,769 | 215,370 | 258,139 |
| Earnings on Investments | 10,449 | 1,572 | 12,021 |
| Miscellaneous | 18,887 | 22,865 | 41,752 |
| <i>Total Cash Receipts</i> | <u>159,125</u> | <u>1,104,138</u> | <u>1,263,263</u> |
| Cash Disbursements | | | |
| Current: | | | |
| General Government | 104,985 | - | 104,985 |
| Public Safety | - | 279,746 | 279,746 |
| Public Works | - | 609,637 | 609,637 |
| Conservation-Recreation | - | 8,745 | 8,745 |
| <i>Total Cash Disbursements</i> | <u>104,985</u> | <u>898,128</u> | <u>1,003,113</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>54,140</u> | <u>206,010</u> | <u>260,150</u> |
| <i>Fund Cash Balances, January 1, Restated</i> | <u>129,235</u> | <u>1,985,284</u> | <u>2,114,519</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 183,375</u> | <u>\$ 2,191,294</u> | <u>\$ 2,374,669</u> |

See accompanying notes to the financial statement

Monroe Township
Richland County
Notes to the Financial Statement
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Monroe Township, Richland County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

Public Entity Risk Pool

The Township participates in a public entity risk pool and is associated with the Ohio Plan Risk Management, Inc. (OPRM). Note 6 to the financial statement provides additional information for this entity. The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are all organized on a fund type basis.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

Road and Bridge Fund The Road and Bridge Fund receives property tax money for the constructing, maintaining, and repairing the Township's roads and bridges.

Basis of Accounting

These financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). 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).

Monroe Township
Richland County
Notes to the Financial Statement
For the Year Ended December 31, 2023

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

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

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Accumulated Leave

Township employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

Leases

The Township is the lessor in various leases (as defined by GASB 87) related to buildings under noncancelable leases. Lease revenue is recognized when it is received.

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:

Monroe Township
Richland County
Notes to the Financial Statement
For the Year Ended December 31, 2023

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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.

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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure to fund balances is included in Note 10.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2023 follows:

| Fund Type | 2023 Budgeted vs. Actual Receipts | | Variance |
|-----------------|-----------------------------------|--------------------|------------------|
| | Budgeted Receipts | Actual Receipts | |
| General | \$121,200 | \$159,125 | \$37,925 |
| Special Revenue | 916,940 | 1,104,138 | 187,198 |
| Total | <u>\$1,038,140</u> | <u>\$1,263,263</u> | <u>\$225,123</u> |

Monroe Township
Richland County
Notes to the Financial Statement
For the Year Ended December 31, 2023

| 2023 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|-------------------------|------------------------|------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$146,777 | \$104,986 | \$41,791 |
| Special Revenue | 1,435,260 | 898,125 | 537,135 |
| Total | <u>\$1,582,037</u> | <u>\$1,003,111</u> | <u>\$578,926</u> |

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

| | 2023 |
|--|---------------------------|
| <i>Cash Management Pool:</i> | |
| Demand deposits | \$2,174,206 |
| Certificates of deposit | 4,000 |
| Total deposits | <u>2,178,206</u> |
| STAR Ohio | <u>196,463</u> |
| Total investments | <u>196,463</u> |
| <i>Total carrying amount of deposits and investments</i> | <u><u>\$2,374,669</u></u> |

The Township does not have a payroll clearing account. The disbursements included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Township is holding no unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statement includes these credits and/or deduction 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.

Monroe Township
Richland County
Notes to the Financial Statement
For the Year Ended December 31, 2023

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

Note 6 – Risk Management

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management programs 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.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

| | |
|-----------------|-----------------------|
| Assets | \$ 23,113,696 |
| Liabilities | (<u>16,078,587</u>) |
| Members' Equity | <u>\$ 7,035,109</u> |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Workers' Compensation

Workers Compensation premium is paid on an annual basis by the Township. A true-up report is submitted to the Bureau of Workers Compensation annually to verify premiums paid. The annual premium is based on the gross payroll of all Township employees and what is paid to the Fire Department volunteers times the rate given to the Township by the Ohio Bureau of Workers Compensation.

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

Monroe Township
Richland County
Notes to the Financial Statement
For the Year Ended December 31, 2023

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – Contingent Liabilities

The amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 10 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the Township had no outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 11 – Restatement of Fund Cash Balance

The Township increased their beginning fund cash position at January 1, 2023 in the Fire Levy special revenue fund due to \$108 in lost and uncashed checks from prior years.

Note 12 – Miscellaneous Receipts

The Township entered into building rentals whose receipts are recorded in General Fund – Miscellaneous Receipts.

**Independent Auditor's 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, OH 44843

To the Members of the Board of Trustees:

We have audited, in accordance with the 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, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type of Monroe Township, Richland County, Ohio, as of and for the years ended December 31, 2024, and 2023 and the related notes to the financial statements and have issued our report thereon dated March 28, 2025, wherein we noted Monroe Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Monroe Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Monroe Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Monroe Township's internal control.

A *deficiency in internal control* 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 and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Monroe Township's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe Township's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Monroe Township
Richland County
Independent Auditor's 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*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Monroe Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monroe Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.
March 28, 2025

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OHIO AUDITOR OF STATE KEITH FABER



MONROE TOWNSHIP

RICHLAND COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/17/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov