



**MONCLOVA TOWNSHIP
LUCAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MONCLOVA TOWNSHIP
LUCAS COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Monclova Township
Lucas County
4855 Keener Road
Monclova, Ohio 43542-9707

To the Board of Trustees:

We have audited the accompanying financial statements of Monclova Township, Lucas County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. 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 audits in accordance with generally accepted auditing standards 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 audits to obtain reasonable assurance about 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 that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 26, 2001

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**MONCLOVA TOWNSHIP
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$256,799	\$493,456	\$60,682	\$810,937
Intergovernmental	153,850	165,052		318,902
Special Assessments		97,641		97,641
Licenses, Permits, and Fees	67,778	11,008		78,786
Earnings on Investments	50,790	6,290		57,080
Other Revenue	28,134	6,659		34,793
	<u>557,351</u>	<u>780,106</u>	<u>60,682</u>	<u>1,398,139</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	258,149			258,149
Public Safety	46,741	179,037		225,778
Public Works	72,415	393,270		465,685
Health	106,441	26,538		132,979
Conservation - Recreation	7,721			7,721
Debt Service:				
Redemption of Principal			50,832	50,832
Interest and Fiscal Charges			9,850	9,850
Capital Outlay		131,215		131,215
	<u>491,467</u>	<u>730,060</u>	<u>60,682</u>	<u>1,282,209</u>
Total Cash Disbursements				
Total Receipts Over Disbursements	65,884	50,046		115,930
Fund Cash Balances, January 1	415,051	412,211		827,262
Fund Cash Balances, December 31	<u>\$480,935</u>	<u>\$462,257</u>		<u>\$943,192</u>

The notes to the financial statements are an integral part of this statement.

**MONCLOVA TOWNSHIP
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$221,867	\$447,263	\$35,204		\$704,334
Intergovernmental	125,254	154,705			279,959
Special Assessments		74,384			74,384
Licenses, Permits, and Fees	40,677	8,473			49,150
Earnings on Investments	41,813	3,928			45,741
Other Revenue	8,661	5,920			14,581
	<u>438,272</u>	<u>694,673</u>	<u>35,204</u>		<u>1,168,149</u>
Cash Disbursements:					
Current:					
General Government	246,713				246,713
Public Safety	18,505	163,604			182,109
Public Works	72,634	366,874			439,508
Health	35,738	17,142			52,880
Conservation - Recreation	9,831				9,831
Debt Service:					
Redemption of Principal			40,095		40,095
Interest and Fiscal Charges			7,609		7,609
Capital Outlay	89,995	196,056			286,051
	<u>473,416</u>	<u>743,676</u>	<u>47,704</u>		<u>1,264,796</u>
Total Disbursements Over Receipts	<u>(35,144)</u>	<u>(49,003)</u>	<u>(12,500)</u>		<u>(96,647)</u>
Other Financing Receipts/(Disbursements):					
Sale of Notes		75,000			75,000
Transfers-In	73				73
Transfers-Out				(\$73)	(73)
Other Sources	516	52			568
	<u>589</u>	<u>75,052</u>		<u>(73)</u>	<u>75,568</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(34,555)	26,049	(12,500)	(73)	(21,079)
Fund Cash Balances, January 1	449,606	386,162	12,500	73	848,341
Fund Cash Balances, December 31	<u>\$415,051</u>	<u>\$412,211</u>			<u>\$827,262</u>

The notes to the financial statements are an integral part of this statement.

**MONCLOVA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

C. Cash and Investments

Overnight repurchase agreements are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**MONCLOVA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from 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.

Special Fire Levy Fund - This fund receives property tax money to provide fire protection services to the Township.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Funds:

Fire Truck Note Retirement Fund - Accumulates funds to pay principal and interest payments on a note issued to purchase a 1996 fire pumper.

Ambulance Note Retirement Fund - Accumulates funds to pay principal and interest payments on a note issued to purchase a 1999 ambulance.

4. Fiduciary Funds (Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Unclaimed Monies Fund - To account for all uncashed warrants held until a legitimate claim is made or until the statute of limitations prevails.

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 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. Appropriations lapse at year end.

**MONCLOVA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash 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 individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. 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.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$39,350	\$4,562
Overnight Repurchase Agreement	733,878	662,972
STAR Ohio	<u>169,964</u>	<u>159,728</u>
Total investments	<u>903,842</u>	<u>822,700</u>
Total deposits and investments	<u><u>\$943,192</u></u>	<u><u>\$827,262</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

Investments: The Overnight Repurchase Agreement is an agreement between the Township and the financial institution in which certain account balances above a predetermined level are automatically invested in an overnight repurchase agreement. The financial institution maintains records identifying the Township as owner of these securities. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**MONCLOVA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$436,489	\$557,351	\$120,862
Special Revenue	695,770	780,106	84,336
Debt Service	60,682	60,682	
Total	<u>\$1,192,941</u>	<u>\$1,398,139</u>	<u>\$205,198</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$851,540	\$491,467	\$360,073
Special Revenue	1,109,447	730,060	379,387
Debt Service	60,682	60,682	
Total	<u>\$2,021,669</u>	<u>\$1,282,209</u>	<u>\$739,460</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$400,390	\$438,861	\$38,471
Special Revenue	729,831	769,725	39,894
Debt Service	35,204	35,204	
Fiduciary			
Total	<u>\$1,165,425</u>	<u>\$1,243,790</u>	<u>\$78,365</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$849,996	\$473,416	\$376,580
Special Revenue	1,115,992	743,676	372,316
Debt Service	47,704	47,704	
Fiduciary	73	73	
Total	<u>\$2,013,765</u>	<u>\$1,264,869</u>	<u>\$748,896</u>

**MONCLOVA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 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, 2000 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$96,586	0.00%
General Obligation Notes - Fire Pumper	89,124	5.25%
General Obligation Notes - Ambulance	65,906	5.25%
Total	\$251,616	

The Ohio Public Works Commission (OPWC) loan was received to finance improvements to LaPlante Road. The zero interest loan will be repaid in semiannual installments of \$4,599 over 15 years. The General Obligation Notes were issued to purchase a 1996 Fire Pumper and a 1999 Ambulance. The notes will be repaid for the Fire Pumper in semiannual payments of \$19,253, including interest, over 7 years and for the Ambulance in semiannual payments of \$6,489, including interest, over 7 years.

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OPWC	General Obligation Bonds - Fire Pumper	General Obligation Notes - Ambulance
2001	\$9,199	\$38,505	\$12,978
2002	9,199	38,505	12,978
2003	9,199	19,253	12,978
2004	9,199		12,978
2005	9,199		12,978
Subsequent	50,591		12,978
Total	\$96,586	\$96,263	\$77,868

**MONCLOVA TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RETIREMENT SYSTEMS

The Township's Fire Chief belongs to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of OP&F contributed 10% of their wages to the OP&F. The Township contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty;
- Public official's liability; and
- Vehicle.

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Monclova Township
Lucas County
4855 Keener Road
Monclova, Ohio 43542-9707

To the Board of Trustees:

We have audited the accompanying financial statements of Monclova Township, Lucas County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 26, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated April 26, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Monclova Township
Lucas County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 26, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MONCLOVA TOWNSHIP

LUCAS 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
JUNE 7, 2001**