



**MONROE TOWNSHIP
ALLEN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MONROE TOWNSHIP
ALLEN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Monroe Township
Allen County
4585 E. Hook Waltz Road
Columbus Grove, Ohio 45830

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Allen County (the Township), as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 audit provides 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 and reserves for encumbrances of the Township as of December 31, 2001 and 2000, 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 March 5, 2002 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.

Monroe Township
Allen County
Report of Independent Accountants
Page 2

This report is intended solely for the information and use of the audit committee, management, the Board 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

March 5, 2002

**MONROE TOWNSHIP
ALLEN 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, 2001**

	<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	\$18,087	\$68,430			\$86,517
Intergovernmental	84,057	76,520			160,577
Charges for Services		9,950			9,950
Licenses, Permits, and Fees		10,793			10,793
Earnings on Investments	2,546	300		\$9	2,855
Other Revenue	326	5,325			5,651
	<u>105,016</u>	<u>171,318</u>		<u>9</u>	<u>276,343</u>
Cash Disbursements:					
Current:					
General Government	65,288				65,288
Public Safety		32,779			32,779
Public Works	336	85,261			85,597
Health	7,611	8,985			16,596
Supplies and Materials				48	48
Debt Service:					
Redemption of Principal			\$25,777		25,777
Interest and Fiscal Charges			2,949		2,949
Capital Outlay	9,638	11,450			21,088
	<u>82,873</u>	<u>138,475</u>	<u>28,726</u>	<u>48</u>	<u>250,122</u>
Total Cash Disbursements					
	<u>82,873</u>	<u>138,475</u>	<u>28,726</u>	<u>48</u>	<u>250,122</u>
Total Receipts Over/(Under) Disbursements	<u>22,143</u>	<u>32,843</u>	<u>(28,726)</u>	<u>(39)</u>	<u>26,221</u>
Other Financing Receipts/(Disbursements):					
Transfers-In			27,782		27,782
Transfers-Out	(15,389)	(12,393)			(27,782)
	<u>(15,389)</u>	<u>(12,393)</u>	<u>27,782</u>		
Total Other Financing Receipts/(Disbursements)					
	<u>(15,389)</u>	<u>(12,393)</u>	<u>27,782</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	6,754	20,450	(944)	(39)	26,221
Fund Cash Balances, January 1	32,936	134,546	944	978	169,404
Fund Cash Balances, December 31	<u>\$39,690</u>	<u>\$154,996</u>	<u>\$0</u>	<u>\$939</u>	<u>\$195,625</u>
Reserve for Encumbrances, December 31	<u>\$145</u>	<u>\$807</u>	<u>\$0</u>	<u>\$0</u>	<u>\$952</u>

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

**MONROE TOWNSHIP
ALLEN 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, 2000**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:						
Local Taxes	\$19,405	\$77,626				\$97,031
Intergovernmental	83,677	73,314		\$73,658		230,649
Charges for Services		10,450				10,450
Licenses, Permits, and Fees		10,116				10,116
Earnings on Investments	2,542	413			\$14	2,969
Other Revenue	1,325	4,410				5,735
Total Cash Receipts	<u>106,949</u>	<u>176,329</u>		<u>73,658</u>	<u>14</u>	<u>356,950</u>
Cash Disbursements:						
Current:						
General Government	79,055					79,055
Public Safety		25,586				25,586
Public Works	282	124,243				124,525
Health	7,464	8,258				15,722
Debt Service:						
Redemption of Principal			\$20,263			20,263
Interest and Fiscal Charges			3,502			3,502
Capital Outlay	21,563	30,895		73,658		126,116
Total Cash Disbursements	<u>108,364</u>	<u>188,982</u>	<u>23,765</u>	<u>73,658</u>		<u>394,769</u>
Total Receipts Over/(Under) Disbursements	<u>(1,415)</u>	<u>(12,653)</u>	<u>(23,765)</u>		<u>14</u>	<u>(37,819)</u>
Other Financing Receipts/(Disbursements):						
Proceeds from Sale of Public Debt:						
Sale of Notes		10,000				10,000
Sale of Fixed Assets		6,000				6,000
Transfers-In			24,709			24,709
Transfers-Out	(12,317)	(12,392)				(24,709)
Total Other Financing Receipts/(Disbursements)	<u>(12,317)</u>	<u>3,608</u>	<u>24,709</u>			<u>16,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(13,732)</u>	<u>(9,045)</u>	<u>944</u>		<u>14</u>	<u>(21,819)</u>
Fund Cash Balances, January 1	<u>46,668</u>	<u>143,591</u>			<u>964</u>	<u>191,223</u>
Fund Cash Balances, December 31	<u>\$32,936</u>	<u>\$134,546</u>	<u>\$944</u>	<u>\$0</u>	<u>\$978</u>	<u>\$169,404</u>
Reserve for Encumbrances, December 31	<u>\$1,831</u>	<u>\$3,671</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,502</u>

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

**MONROE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Monroe Township, Allen 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, 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

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

Checking and savings accounts are valued at cost.

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.

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:

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

Fire Special Levy- This fund receives tax money for fire protection.

**MONROE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township has the following debt service fund:

Debt Retirement Fund - This fund receives transfers from other funds which are used to make payments on the Township's loans for a fire truck, a tractor, and a truck.

4. Capital Projects Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Township had the following significant capital projects fund in 2000:

Issue II Fund - The Township received a grant from the State of Ohio to repair roads within the Township.

5. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

Grubb Trust Fund - is a non-expendable trust fund used for the maintenance of the cemeteries.

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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**MONROE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$195,625	\$169,404

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$104,308	\$105,016	\$708
Special Revenue	176,499	171,318	(5,181)
Debt Service	0	27,782	27,782
Fiduciary	21	9	(12)
Total	\$280,828	\$304,125	\$23,297

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$137,244	\$98,407	\$38,837
Special Revenue	311,045	151,675	159,370
Debt Service	28,726	28,726	0
Fiduciary	999	48	951
Total	\$478,014	\$278,856	\$199,158

**MONROE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$100,145	\$106,949	\$6,804
Special Revenue	177,799	192,329	14,530
Capital Projects	0	73,658	73,658
Debt Service	0	24,709	24,709
Fiduciary	21	14	(7)
Total	\$277,965	\$397,659	\$119,694

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$146,813	\$122,512	\$24,301
Special Revenue	321,390	205,045	116,345
Capital Projects	0	73,658	(73,658)
Debt Service	24,709	23,765	944
Fiduciary	985	0	985
Total	\$493,897	\$424,980	\$68,917

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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, 2001 was as follows:

	Principal	Interest Rate
Bank Loan- Fire Truck	\$43,609	4.30%
Bank Loan- Tractor	5,100	5.10%
Bank Loan- Dodge Truck	5,000	4.75%
Total	\$53,709	

**MONROE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT (Continued)

The loans were obtained to finance the purchase of a new fire truck, a maintenance truck, and a tractor. The three loans are individually secured by the equipment purchased. In regards to the loan for the fire truck, the Township is responsible for 2/3 of the total payment amount, with the Village of Cairo, Allen County responsible for the remaining 1/3. The loan is in the name of the Township.

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

<u>Year ending December</u>	<u>Fire Truck</u>	<u>Tractor Loan</u>	<u>Dodge Truck Loan</u>
2002	\$18,589	\$5,415	\$5,475
2003	18,589		5,237
2004	9,280		
Total	<u>\$46,458</u>	<u>\$5,415</u>	<u>\$10,712</u>

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000. The contribution rate returned to 13.55% as of January 1, 2001. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

A. Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty insurance for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

B. Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**MONROE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

7. RISK MANAGEMENT (Continued)

C. Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

D. Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: (Latest information available.)

<u>Casualty Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$22,684,383	\$18,172,222
Liabilities	<u>8,924,977</u>	<u>5,947,013</u>
Retained earnings	<u>\$13,759,406</u>	<u>\$12,225,209</u>
<u>Property Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$4,156,784	\$3,544,437
Liabilities	<u>497,831</u>	<u>674,752</u>
Retained earnings	<u>\$3,658,953</u>	<u>\$2,869,685</u>



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

Monroe Township
Allen County
4585 E. Hook Waltz Road
Columbus Grove, Ohio 45830

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Allen County, (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 5, 2002. 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.

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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 5, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 5, 2002.

Monroe Township
Allen County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely 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

March 5, 2002

**MONROE TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-40202-001	Deposited funds were under collateralized for a significant portion of the audit period.	Yes	The Township and the financial institution worked closely together to ensure adequate collateral was pledged at all times.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MONROE TOWNSHIP

ALLEN 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
MARCH 28, 2002**