

**MONROE TOWNSHIP**

**INDEPENDENT AUDITOR'S REPORT**

FOR THE YEARS ENDED  
DECEMBER 31, 2002 AND DECEMBER 31, 2001





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Monroe Township  
3363 Tucker Road  
Lucas, Ohio 44843

We have reviewed the Independent Auditor's Report of Monroe Township, Richland County, prepared by Gary B. Fink & Associates, Inc., for the audit period January 1, 2001 to December 31, 2002. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

September 3, 2003

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**MONROE TOWNSHIP  
FOR THE YEARS ENDED  
DECEMBER 31, 2002 AND DECEMBER 31, 2001**

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**MONROE TOWNSHIP**

**ELECTED OFFICIALS  
AS OF DECEMBER 31, 2002**

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
Roger Maglott	Chairman	01/01/00-01/01/04	(A)	\$5,000	01/01/00- 01/01/04
William A. Spohn	Vice- Chairman	01/01/02-01/01/06	(B)	\$5,000	01/01/02- 01/01/06
Tom A. McFarland	Trustee	01/01/02-01/01/06	(A)	\$5,000	01/01/02- 01/01/06
Merle D. Fulton	Clerk	04/01/00-04/01/04	(A)	\$5,000	04/01/00- 04/01/04

(A) Ohio Government Risk Management Plan

**STATUTORY LEGAL COUNSEL**

Mr. James Mayer, Jr.  
Prosecuting Attorney  
Richland County Courthouse  
38 South Park Street  
Mansfield, OH 44902

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Monroe Township, Richland County  
3363 Tucker Road  
Lucas, OH 44843

We have audited the accompanying financial statements of Monroe Township, Richland County (the Township), as of and for the years ended December 31, 2002 and December 31, 2001, as listed in the table of contents. 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 described 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of Monroe Township as of December 31, 2002 and December 31, 2001, and its 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 July 28, 2003 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. 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.

**INDEPENDENT AUDITOR'S REPORT** (continued)

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



GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

July 28, 2003



**Monroe Township  
 Combined Statement of Cash Receipts, Cash Disbursements and  
 Changes in Fund Cash Balances - All Governmental Fund Types  
 For the Year Ended December 31, 2002**

	General	Special Revenue	Total (Memorandum Only)
<b>Cash Receipts</b>			
Taxes	\$36,217	\$441,023	\$477,240
Intergovernmental Receipts	40,620	94,648	135,268
Fines, Licenses and Permits	1,088	0	1,088
Interest	4,329	344	4,673
All Other Receipts	6,669	318,270	324,939
<b>Total Cash Receipts</b>	<b>88,923</b>	<b>854,285</b>	<b>943,208</b>
<b>Cash Disbursements</b>			
Current:			
General Government	99,607	193,055	292,662
Public Works	0	260,170	260,170
Health	4,580	5,932	10,512
Conservation - Recreation	0	9,410	9,410
Capital Outlay	0	382,643	382,643
Debt:			
Principal Payment	0	8,000	8,000
Interest	0	798	798
<b>Total Cash Disbursements</b>	<b>104,187</b>	<b>860,008</b>	<b>964,195</b>
<b>Total Receipts (Under) Disbursements</b>	<b>(15,264)</b>	<b>(5,723)</b>	<b>(20,987)</b>
Fund Cash Balances, January 1, 2002	18,623	180,349	198,972
Fund Cash Balances, December 31, 2002	<u>\$3,359</u>	<u>\$174,626</u>	<u>\$177,985</u>

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

**Monroe Township  
 Combined Statement of Cash Receipts, Cash Disbursements and  
 Changes in Fund Cash Balances - All Governmental Fund Types  
 For the Year Ended December 31, 2001**

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts			
Taxes	\$34,722	\$399,573	\$434,295
Intergovernmental Receipts	56,665	90,826	147,491
Fines, Licenses and Permits	1,540	0	1,540
Interest	8,161	61	8,222
All Other Receipts	25,390	8,635	34,025
Total Cash Receipts	<u>126,478</u>	<u>499,095</u>	<u>625,573</u>
Cash Disbursements			
Current:			
General Government	129,936	200,972	330,908
Public Works	0	241,958	241,958
Health	6,892	2,100	8,992
Conservation - Recreation	0	9,649	9,649
Debt:			
Principal Payment	0	48,000	48,000
Interest	0	1,856	1,856
Total Cash Disbursements	<u>136,828</u>	<u>504,535</u>	<u>641,363</u>
Total Receipts (Under) Disbursements	(10,350)	(5,440)	(15,790)
Fund Cash Balances, January 1, 2001	<u>28,973</u>	<u>185,789</u>	<u>214,762</u>
Fund Cash Balances, December 31, 2001	<u><u>\$18,623</u></u>	<u><u>\$180,349</u></u>	<u><u>\$198,972</u></u>

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

MONROE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND DECEMBER 31, 2001

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. Fund Accounting

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

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

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

Motor Vehicle License Fund - This fund receives motor vehicle taxes for constructing, maintaining and repairing Township roads.

Gasoline Tax Fund - This fund receives gasoline taxes for maintaining and repairing Township roads.

MONROE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND DECEMBER 31, 2001

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

Permissive Sales Tax Fund – To account for monies derived from the County’s permissive sales tax. Monies are used for various road and public works projects.

Road and Bridge Fund - This fund receives gasoline and property taxes for constructing, maintaining and repairing Township roads and bridges.

D. Budgetary Process

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

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

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

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

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

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

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

MONROE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND DECEMBER 31, 2001

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

Deposits	2002	2001
Demand Deposits	\$30,662	\$66,186
Time Deposits	45,607	0
Total Deposits	76,269	66,186
Investments		
STAR Ohio	101,716	132,786
Total Deposits and Investments	\$177,985	\$198,972

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

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2002 and December 31, 2001 was as follows:

2002 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$96,250	\$88,923	(\$7,327)
Special Revenue	867,583	854,285	(13,298)
Total	\$963,833	\$943,208	(\$20,625)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$111,779	\$104,187	\$7,592
Special Revenue	678,847	860,008	(181,161)
Total	\$790,626	\$964,195	(\$173,569)

MONROE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND DECEMBER 31, 2001

3. **BUDGETARY ACTIVITY** (continued)

2001 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$127,501	\$126,478	(\$1,023)
Special Revenue	<u>476,999</u>	<u>499,095</u>	<u>22,096</u>
Total	<u><u>\$604,500</u></u>	<u><u>\$625,573</u></u>	<u><u>\$21,073</u></u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$131,160	\$136,828	(\$5,668)
Special Revenue	<u>662,748</u>	<u>504,535</u>	<u>158,213</u>
Total	<u><u>\$793,908</u></u>	<u><u>\$641,363</u></u>	<u><u>\$152,545</u></u>

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 payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

MONROE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND DECEMBER 31, 2001

5. **RETIREMENT SYSTEMS**

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2002 and 2001, OPERS members contributed 8.5% of their gross salaries and the Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

6. **RISK MANAGEMENT**

The Township is a member of the Ohio Government Risk Management Plan. The Plan is an unincorporated no-profit association of its members for the purpose of providing its members a jointly administered self-insurance program. The Plan assumes the risk of loss minus the Township's deductible contribution. Risks covered by the Plan are comprehensive property and general liability, vehicles and public official's liability.

7. **DEBT**

The Township's debt obligations outstanding as of December 31, 2002 and December 31, 2001 consisted of the following:

	Interest Rate	Outstanding 12/31/2002	Outstanding 12/31/2001
Commercial Loan Note	6.00%	\$6,970	\$14,970
Real Estate Acquisition Bonds	3.83%	73,170	
Fire Equipment Bonds	3.83%	180,000	

The commercial loan note was paid in full on May 12, 2003. The real estate acquisition bonds and fire equipment bonds will be paid in full in five installments commencing August 2, 2003 and ending August 2, 2007.

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

Board of Trustees  
Monroe Township, Richland County  
3363 Tucker Road  
Lucas, OH 44843

We have audited the financial statements of Monroe Township, Richland County (the Township), as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated July 28, 2003. 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 and contracts, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Noncompliance as Item 2002-1.

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 operations that we consider to be material weaknesses. However, we noted matters involving internal control over financial reporting that we have reported to Management of the Township, in a separate letter dated July 28, 2003.



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

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



GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

July 28, 2003

**MONROE TOWNSHIP, OHIO**

**SCHEDULE OF NONCOMPLIANCE**

**FOR THE YEARS ENDED DECEMBER 31, 2002 AND DECEMBER 31, 2001**

2002-1

Section 5705.41(B), states, “no subdivision or taxing unit is to expend money unless it has been appropriated. The following funds had expenditures greater than authorized appropriations for the year ended December 31, 2002:

Road and Bridge Fund	\$ 5,099
EMS Fund	\$ 14,962
Fire District Fund	\$155,626

The following fund had expenditures greater than authorized appropriations for the year ended December 31, 2001:

General Fund	\$ 5,668
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**Auditor of State  
Betty Montgomery**

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P.O. Box 1140  
Columbus, Ohio 43216-1140

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800-282-0370

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**MONROE TOWNSHIP**

**RICHLAND COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 25, 2003**