



**MONROE TOWNSHIP
MUSKINGUM COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Monroe Township
Muskingum County
12295 Parks Road
New Concord, Ohio 43762

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Muskingum 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 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 of Monroe Township, Muskingum County, 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 June 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 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

June 26, 2001

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**MONROE TOWNSHIP
MUSKINGUM 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> | |
| Cash Receipts: | | | |
| Local Taxes | \$6,685 | \$9,971 | \$16,656 |
| Intergovernmental | 24,002 | 60,439 | 84,441 |
| Earnings on Investments | 263 | 287 | 550 |
| Other Revenue | 119 | | 119 |
| Total Cash Receipts | 31,069 | 70,697 | 101,766 |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 31,137 | | 31,137 |
| Public Safety | | 5,429 | 5,429 |
| Public Works | 1,702 | 61,133 | 62,835 |
| Debt Service: | | | |
| Redemption of Principal | | 5,000 | 5,000 |
| Interest and Fiscal Charges | | 1,344 | 1,344 |
| Capital Outlay | | 6,645 | 6,645 |
| Total Cash Disbursements | 32,839 | 79,551 | 112,390 |
| Total Cash Receipts Over/(Under) Cash Disbursements | (1,770) | (8,854) | (10,624) |
| Fund Cash Balances, January 1 | 19,092 | 37,461 | 56,553 |
| Fund Cash Balances, December 31 | \$17,322 | \$28,607 | \$45,929 |

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

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

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

| | Governmental Fund Types | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|---|
| | General | Special Revenue | |
| Cash Receipts: | | | |
| Local Taxes | \$5,713 | \$9,169 | \$14,882 |
| Intergovernmental | 25,329 | 63,735 | 89,064 |
| Earnings on Investments | 269 | 553 | 822 |
| Other Revenue | 126 | | 126 |
| Other Financing Sources | | 25,000 | 25,000 |
| Total Cash Receipts | 31,437 | 98,457 | 129,894 |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 26,808 | | 26,808 |
| Public Safety | | 2,896 | 2,896 |
| Public Works | 1,710 | 87,857 | 89,567 |
| Capital Outlay | | 35,000 | 35,000 |
| Total Cash Disbursements | 28,518 | 125,753 | 154,271 |
| Total Cash Receipts Over/(Under) Cash Disbursements | 2,919 | (27,296) | (24,377) |
| Fund Cash Balances, January 1 | 16,173 | 64,757 | 80,930 |
| Fund Cash Balances, December 31 | \$19,092 | \$37,461 | \$56,553 |

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

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Monroe Township, Muskingum 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 maintenance of roads, bridges, swimming pool, and park, fire protection, and emergency management services. The Township contracts with Adamsville Fire Department for fire protection services and emergency management 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.

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:

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:

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

Gasoline Tax Fund - This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

Motor Vehicle License Tax Fund - This fund receives motor vehicle money for maintaining and repairing Township roads.

Fire District Fund - This fund receives property tax money for maintaining and equipping a volunteer Fire Department.

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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.

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. The Township did not encumber certain commitments required by Ohio law to be encumbered.

A summary of 2000 and 1999 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

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

| | <u>2000</u> | <u>1999</u> |
|-----------------|-----------------|-----------------|
| Demand Deposits | <u>\$45,929</u> | <u>\$56,553</u> |

Deposits: Deposits were insured by the Federal Deposit Insurance Corporation.

**MONROE TOWNSHIP
MUSKINGUM 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 | \$26,543 | \$31,069 | \$4,526 |
| Special Revenue | 126,825 | 70,697 | (56,128) |
| Total | \$153,368 | \$101,766 | (\$51,602) |

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$31,194 | \$32,839 | (\$1,645) |
| Special Revenue | 162,151 | 79,551 | 82,600 |
| Total | \$193,345 | \$112,390 | \$80,955 |

| 1999 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$23,740 | \$31,437 | \$7,697 |
| Special Revenue | 65,286 | 98,457 | 33,171 |
| Total | \$89,026 | \$129,894 | \$40,868 |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$39,914 | \$28,518 | \$11,396 |
| Special Revenue | 130,042 | 125,753 | 4,289 |
| Total | \$169,956 | \$154,271 | \$15,685 |

Accountability and Compliance:

The certification of availability of unencumbered appropriations for expenditure was not always made prior to purchase commitments being incurred. Ohio Revised Code Section 5705.41(D) requires a certificate of the fiscal officer to be attached to any order of expenditure, prior to a commitment being incurred.

The Township's expenditures exceeded appropriations by \$1,645 in the General Fund during 2000. Ohio Revised Code Section 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

Accountability and Compliance (Continued):

Various appropriation amounts which had not been approved by the Board of Trustees and filed with the County Auditor were posted to the Township's records. Section 5705.40, Ohio Revised Code, requires that any appropriation measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation. Appropriation amounts reported above include only those amounts approved by the Board of Trustees and filed with the County Auditor.

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.

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 |
|---------------------------------|-----------|------------------|
| 1999 - General Obligation Notes | \$20,000 | 5.36% |

The general obligation notes were issued to finance the purchase of a used backhoe to be used for the Township road maintenance. The notes are collateralized solely by the Township's taxing authority.

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

| Year ending December 31: | General Obligation Notes |
|-----------------------------|--------------------------------|
| 2001 | \$6,072 |
| 2002 | 5,804 |
| 2003 | 5,536 |
| 2004 | 5,268 |
| Total | \$22,680 |

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

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

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 10.84% and 13.55% for 2000 and 1999, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The following risks are covered by the Plan:

- Comprehensive property and general liability
- Wrongful acts
- Automobile
- Bond
- Inland Marine
- Electronic Data Processing

The Township also provides health insurance coverage to a full-time employee through a private carrier.

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

Monroe Township
Muskingum County
12295 Parks Road
New Concord, Ohio 43762

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 26, 2001. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-41060-001 through 2000-41060-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2000-41060-001, 2000-41060-003, 2000-41060-004, and 2000-41060-005.

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. 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 reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2000-41060-001 to be a material weakness. We also 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 June 26, 2001.

This report is intended for the information and use of 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

June 26, 2001

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2000-41060-001

Noncompliance Citation and Material Weakness

Ohio Rev. Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

The Township included certification language as part of its purchase order. However, certain Township checks were issued without properly approved purchase orders. These commitments were not subsequently approved using a Then and Now Certificate by the Clerk or by the Board of Trustees, as applicable, within the aforementioned 30 day time period. We noted that 80% of tested expenditures were not properly certified.

We recommend Township personnel obtain proper certification for every contract or order involving an expenditure of money.

FINDING NUMBER 2000-41060-002

Noncompliance Citation

Ohio Rev. Code § 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

During 2000, the General Fund had expenditures in excess of appropriations by \$1,645.

We recommend expenditures of each fund be reviewed on a monthly basis by the Board of Trustees and the Clerk to determine the adequacy of appropriations. The Clerk should not make expenditures without proper appropriations.

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

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| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
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FINDING NUMBER 2000-41060-003

Noncompliance Citation and Reportable Condition

Ohio Rev. Code Section 5705.40 provides that any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation.

The Clerk posted amended appropriations to the appropriations ledger without obtaining Board approval and without obtaining the County Auditor's certification that total fund appropriations do not exceed estimated resources. The following schedules compare approved appropriations to those posted to the appropriations ledger:

| Fund | Appropriations and Carry Over Encumbrances Posted to the UAN system for 2000 | Approved Appropriations for 2000 | Variance |
|--------------|--|----------------------------------|-----------------|
| General | \$41,994 | \$31,194 | \$10,800 |
| Gasoline Tax | 138,018 | 136,848 | 1,170 |
| Total | \$180,012 | \$168,042 | \$11,970 |

| Fund | Appropriations and Carry Over Encumbrances Posted to the UAN system for 1999 | Approved Appropriations for 1999 | Variance |
|--------------|--|----------------------------------|----------|
| Gasoline Tax | \$110,220 | \$105,220 | \$5,000 |

We recommend the Township management review budgetary procedures for amending appropriations and file all appropriation amendments with the County Auditor in order to receive certification from the County Auditor that appropriations do not exceed estimated resources. In addition, we recommend the Clerk document Board approval of these appropriation amendments in the minutes and post those measures only after proper approval has been obtained. The accompanying budgetary presentation includes only appropriations the Trustees approved.

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

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|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
|--|

FINDING NUMBER 2000-41060-004

Reportable Condition

The Township did not properly post budgeted receipts to the accounting system, and, as a result, variances existed between the amounts on certificates of estimated resources and the amounts posted to the accounting system throughout the year.

| Fund | Budgeted Receipts at December 31, 2000 per the UAN system | 2000 Budgeted Receipts per the final Certificate of Estimated Resources | Variance |
|--------------------------------|---|---|----------|
| General Fund | \$45,594 | \$26,543 | \$19,051 |
| Motor Vehicle License Tax Fund | 11,919 | 9,913 | 2,006 |
| Gasoline Tax Fund | 138,018 | 106,357 | 31,661 |
| Road and Bridge | 7,920 | 6,416 | 1,504 |
| Fire Levy Fund | 5,514 | 4,139 | 1,375 |
| Total | \$208,965 | \$153,368 | \$55,597 |

| Fund | Budgeted Receipts at December 31, 1999 per the UAN system | 1999 Budgeted Receipts per the final Certificate of Estimated Resources | Variance |
|--------------------------------|---|---|----------|
| General Fund | \$39,903 | \$23,740 | \$16,163 |
| Motor Vehicle License Tax Fund | 9,812 | 7,292 | 2,520 |
| Gasoline Tax Fund | 105,220 | 48,278 | 56,942 |
| Road and Bridge | 10,944 | 5,910 | 5,034 |
| Fire Levy Fund | 4,066 | 3,806 | 260 |
| Total | \$169,945 | \$89,026 | \$80,919 |

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2000-41060-004
(Continued)**

Reportable Condition (Continued)

We recommend the Clerk record only estimated receipts from the certificate of estimated resources and any amendment(s) thereto. This would enable useful comparisons of estimated to actual receipts to be made throughout the year. The accompanying budgetary presentation includes only budgeted receipts from the final Certificate of Estimated Resources.

FINDING NUMBER 2000-41060-005

Reportable Condition

The Township issued \$25,000 in general obligation notes 1999 for the purpose of purchasing a backhoe for road maintenance. The check issued by the bank for the proceeds of the notes was made payable directly to the vendor. The Township's records reflected neither the proceeds of the notes as revenue nor the purchase of the backhoe as an expenditure. As a result, receipts and disbursements were understated in 1999. Adjustments with which Township management agrees have been made to the 1999 financial statements to properly reflect the note proceeds and capital outlay expenditure.

We recommend the Township properly recognize the revenue and expenditure associated with debt issuance and equipment purchases.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MONROE TOWNSHIP

MUSKINGUM 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
AUGUST 9, 2001**