



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MONROE TOWNSHIP
ADAMS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Monroe Township
Adams County
2100 State Route 247
Manchester, Ohio 45144

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Adams County, Ohio (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 reserve 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 August 26, 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.

This report is intended solely for the information and use of management and 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 these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

August 26, 2002

**MONROE TOWNSHIP
ADAMS COUNTY**

**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	Totals (Memorandum Only)
Cash Receipts:			
Local Taxes	\$102,580	\$102,335	\$204,915
Intergovernmental	15,676	62,918	78,594
Earnings on Investments	1,019	243	1,262
Other Revenue	15,593	9,869	25,462
 Total Cash Receipts	 134,868	 175,365	 310,233
Cash Disbursements:			
Current:			
General Government	74,967		74,967
Public Safety	22,708		22,708
Public Works		173,904	173,904
Health	29,304		29,304
Debt Service:			
Redemption of Principal	13,881		13,881
Interest and Fiscal Charges	2,282		2,282
Capital Outlay	8,831	9,118	17,949
 Total Cash Disbursements	 151,973	 183,022	 334,995
 Total Receipts Over/(Under) Disbursements	 (17,105)	 (7,657)	 (24,762)
 Fund Cash Balances, January 1	 (14,115)	 124,883	 110,768
 Fund Cash Balances, December 31	 (\$31,220)	 \$117,226	 \$86,006
 Reserve for Encumbrances, December 31	 \$30,953		 \$30,953

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

**MONROE TOWNSHIP
ADAMS 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**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Local Taxes	\$125,218	\$125,140	\$250,358
Intergovernmental	15,364	63,458	78,822
Earnings on Investments	1,104	602	1,706
Other Revenue	1,210	3,967	5,177
 Total Cash Receipts	 142,896	 193,167	 336,063
Cash Disbursements:			
Current:			
General Government	91,721		91,721
Public Safety	19,602		19,602
Public Works		164,270	164,270
Health	31,558		31,558
Debt Service:			
Redemption of Principal	13,135		13,135
Interest and Fiscal Charges	2,258		2,258
Capital Outlay	7,795	6,380	14,175
 Total Cash Disbursements	 166,069	 170,650	 336,719
 Total Receipts Over/(Under) Disbursements	 (23,173)	 22,517	 (656)
 Fund Cash Balances, January 1	 9,059	 102,366	 111,425
 Fund Cash Balances, December 31	 (\$14,114)	 \$124,883	 \$110,769
 Reserve for Encumbrances, December 31	 \$696		 \$696

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

**MONROE TOWNSHIP
ADAMS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Monroe Township, Adams County, Ohio (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 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 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 Deposits

All township funds are deposited in an interest-bearing checking account. All deposits are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is 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:

Motor Vehicle License Tax Fund

This fund receives motor vehicle license tax money to construct, maintain and repair Township roads.

Gasoline Tax Fund

This fund receives gasoline tax money to construct, maintain and repair Township roads.

**MONROE TOWNSHIP
ADAMS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Road and Bridge Fund

This fund receives property tax money to construct, maintain and repair Township roads.

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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not properly encumber all commitments required by the Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2001 and 2000 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.

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>2001</u>	<u>2000</u>
Demand deposits	<u>\$86,006</u>	<u>\$110,769</u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**MONROE TOWNSHIP
ADAMS COUNTY**

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

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$137,080	\$134,868	(\$2,212)
Special Revenue	<u>194,250</u>	<u>175,365</u>	<u>(\$18,885)</u>
Total	<u>\$331,330</u>	<u>\$310,233</u>	<u>(\$21,097)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$143,972	\$182,926	(\$38,954)
Special Revenue	<u>196,263</u>	<u>183,022</u>	<u>13,241</u>
Total	<u>\$340,235</u>	<u>\$365,948</u>	<u>(\$25,713)</u>

2000 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$150,775	\$142,896	(\$7,879)
Special Revenue	<u>168,405</u>	<u>193,167</u>	<u>24,762</u>
Total	<u>\$319,180</u>	<u>\$336,063</u>	<u>\$16,883</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$149,957	\$166,765	(\$16,808)
Special Revenue	<u>191,527</u>	<u>170,650</u>	<u>20,877</u>
Total	<u>\$341,484</u>	<u>\$337,415</u>	<u>\$4,069</u>

In 2000, expenditures exceeded appropriations in the General Fund by \$16,808 and in the Motor Vehicle License Fund by \$1,109.

In 2001, expenditures exceeded appropriations in the General Fund by \$38,954 and the Road and Bridge Fund by \$1,685.

**MONROE TOWNSHIP
ADAMS COUNTY**

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

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
General Obligation Notes: Fire Rescue Truck	\$14,609	5.75%

The General Obligation Notes are collateralized by the Village's taxing authority.

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

	Payment	Interest	Total
Year ending December 31: 2002	\$14,609	\$597	\$15,206

6. RETIREMENT SYSTEMS

The Township's elected officials and part time 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. For 2001 and 2000 members contributed 8.5% of their wages. The Township contributed an amount equal to 13.55% of PERS participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**MONROE TOWNSHIP
ADAMS COUNTY**

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

7. RISK MANAGEMENT

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.

Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per occurrence. 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.

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.

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:

	<u>2001</u>	<u>2000</u>
<u>Casualty Coverage</u>		
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>
<u>Property Coverage</u>		
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

The Township also contracts with a private carrier to provide health, life, and cancer insurance for eligible elected officials who accept the coverage.

**MONROE TOWNSHIP
ADAMS COUNTY**

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

8. COMPLIANCE

The Township did not complete and advertise 2001 and 2000 annual reports.

Ohio law authorizes the Auditor of State to prescribe by rule, requirements for accounting and financial reporting to public offices. The Township did not use purchase orders and did not keep a cash journal contrary to Ohio Admin. Code Section 117-2-02.

9. FISCAL DISTRESS

The Township is experiencing financial difficulties. The Township had deficit balances of \$(31,220) at December 31, 2001 and \$(14,114) at December 31, 2000, in the General Fund, indicating that other funds were used to pay General Fund obligations.



STATE OF OHIO
OFFICE OF THE AUDITOR

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

Monroe Township
Adams County
2100 State Route 247
Manchester, Ohio 45144

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Adams County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 26, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-40401-001 through 2001-40401-005 and 2001-40401-008. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 26, 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. However, we noted certain matter involving the internal control over financial reporting and its operation that we consider to be reportable condition. 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 judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 2001-40401-001, and 2001-40401-005 through 2001-40401-007.

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.

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

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, we believe the reportable conditions described above are not material weaknesses.

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 August 26, 2002.

This report is intended solely for the information and use of management and the Board of Township Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

August 26, 2002

**MONROE TOWNSHIP
ADAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-40401-001

Material Noncompliance/Reportable Condition

Ohio Rev. Code, Section 5705.41(D), provides that no subdivision or taxing unit shall make any contract or order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation 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. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon. This section also provides for two exceptions to the above requirement:

- A. Then and Now Certificates – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of amount due upon such contract or order by resolution within thirty (30) days from the receipt of such certificate.
- B. If the amount involved is less than one thousand dollars (\$1,000), the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Township trustees, if such expenditure is otherwise valid.

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

Contrary to the above requirement, the availability of funds was not certified for any of the Township's disbursements. Failure to certify the availability of funds and encumber appropriations can result in overspending funds and negative cash balances. Therefore, we recommend the Township obtain approved purchase orders, which contain the Clerk's certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

FINDING NUMBER 2001-40401-002

Material Noncompliance

Ohio Rev. Code, Section 5705.41(B), states that no subdivision or taxing unit is to expend money unless it has been appropriated.

In 2001, expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Variance</u>
General	\$182,926	\$143,972	(\$38,954)
Road & Bridge	\$134,737	\$133,052	(\$1,685)

**FINDING NUMBER 2001-40401-002
(Continued)**

Material Noncompliance

In 2000, expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Variance</u>
General	\$166,766	\$149,957	(\$16,808)
Motor Vehicle License	\$12,745	\$11,637	(\$1,109)

Expenditures in excess of appropriations resulted from the Township not appropriately monitoring budgetary expenditures as compared to appropriations and could result in the Township expending funds illegally.

FINDING NUMBER 2001-40401-003

Material Noncompliance

Ohio Rev. Code, Section 117.38, requires that cash basis entities must file an annual financial report within 60 days of the end of the fiscal year. The entity is required to advertise the filing of the report in a paper of general circulation within 30 days of filing the report. The Township Clerk did not complete the 2000 and 2001 annual financial reports nor did they file the reports with the Auditor of State. The Auditor of State completed the financial reports on July 1, 2002 for 2000 and July 10, 2002 for 2001. We recommend the Township review Auditor of State Bulletin 2001-012 for additional guidance.

FINDING NUMBER 2001-40401-004

Material Noncompliance

Ohio Admin. Code, Section 117-2-02(A),* requires governments to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements. Per Ohio Admin. Code Section 117-2-02(C), accounting records that can help achieve these objectives include:

1. Cash journal, which typically includes the amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
2. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund.
3. Appropriation ledger, which assembles and classifies disbursements into separate accounts, for at a minimum, each account listed in the appropriation resolution.

Ohio Admin. Code, Section 117-7-01,* provides suggested account classifications. These accounts classify receipts by source (taxes or charges for services, for example) and classify disbursements by program (security of persons and property, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

FINDING NUMBER 2001-40401-005

Material Noncompliance/Reportable Condition

Ohio Rev. Code, Section 5705.10, provides that monies paid into any fund shall be used only for the purpose for which such fund is established. That General Fund had a negative fund balance of \$14,114 at December 31, 2000 and \$32,220 at December 31, 2001. The deficit balances indicate that cash from other funds have been used to pay the obligations of this fund. As of the report date the Township's management has not developed a financial plan to alleviate the financial difficulties. We recommend that the Township perform a fiscal analysis to determine the causes and potential solutions to the Township's problems.

FINDING NUMBER 2001-40401-006

Reportable Condition

The Board of Trustees does not require the consistent preparation of budgetary financial information and do not monitor this information. The lack of such controls: 1) reduces the Township's ability to determine its financial status at any given time; 2) may result in the delay of funding received by the County Auditor; and 3) may result in obligations being incurred without the available resources. The Board should take a more active role in the budgetary process to determine appropriate budgetary law is followed. The Board should review the reports after they are completed to help determine the reports are complete and correct.

FINDING NUMBER 2001-40401-007

Reportable Condition

The Township Clerk has an obligation to post transactions in a timely manner, perform monthly bank reconciliations, and submit financial reports to Township management and the Auditor of State in a timely manner.

The records and financial reports of the Township were not maintained in a timely manner. The Clerk of Monroe Township was contacted by the Auditor of State on January 4, 2002 to begin the audit for the Township for the years ending December 31, 2001 and 2000. At that time, we were told the records were not posted in entirety for the audit period, bank reconciliations had not been performed for all months, and annual financial reports were not completed or filed for 2001 and 2000. On April 15, 2002, the Office of the Auditor of State issued a letter giving the Clerk 90 days to have the records completed and ready for an audit. On July 1, 2002, the Clerk brought the records in for 2000 and July 8, 2002 for the 2001 records.

As a result of untimely record keeping, the Trustees did not have access to accurate fund balances to be used in management decisions. Also, untimely record keeping and a lack of account balances and financial reports could have resulted in errors going undetected for extended periods of time and insufficient funds to meet Township obligations.

We recommend that the Clerk keep records posted in a timely manner, perform monthly bank reconciliations, and complete and submit the annual financial reports to the Auditor of State by the required date each year. We also recommend that the Township Trustees play a more active part in determining that Township transactions are properly posted and reconciled on a monthly basis, and that the annual reports are completed and filed in a timely manner.

FINDING NUMBER 2001-40401-008

Material Noncompliance

16 United States Code, Section 3403, provides employers are liable for taxes deducted and withheld. The Township did not remit all federal income tax and medicare withholdings which resulted in penalties being assessed against the Township.

Ohio Rev. Code, Section 5747.07 (B)(4), requires employers to make payment of undeposited taxes for each calendar quarter during which they were required to be withheld no later than the last day of the month following the last day of each quarter. The Township did not remit all state income tax withholdings and reports.

**MONROE TOWNSHIP
ADAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-40401-001	ORC Section, 5705.41(D), prior certification of funds	No	Not corrected repeated as Finding 2001-40401-001
1999-40401-002	ORC Section, 5705.41(B), expenditures exceeding appropriations	No	Not corrected repeated as Finding 2001-40401-002
1999-40401-003	ORC Section, 5705.39, Appropriations exceeded Estimated Revenue	Yes	
1999-40401-004	ORC Section, 117.38, Annual financial reports	No	Not corrected repeated as Finding 2001-40401-003
1999-40401-005	ORC Section, 117.43, Uniform System of Accounting	No	Not corrected repeated as Finding 2001-40401-004
1999-40401-006	Budgetary Control	No	Not corrected repeated as Finding 2001-40401-006
1999-40401-007	Record Keeping	No	Not corrected repeated as Finding 2001-40401-007



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MONROE TOWNSHIP

ADAMS 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 24, 2002**