



**Auditor of State
Betty Montgomery**

**MONROE TOWNSHIP
LICKING COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Monroe Township
Licking County
9444 Woodhaven Road
Johnstown, Ohio 43031

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Licking County (the Township) as of and for the years ended December 31, 2002, and December 31, 2001. 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, 2002 and December 31, 2001, 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 11, 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, 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
Licking County
Independent Accountants' Report
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

March 11, 2003

**MONROE TOWNSHIP
LICKING 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, 2002**

	<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	\$77,672	\$508,043	\$17,405	\$0	\$0	\$603,120
Intergovernmental	433,298	127,399	0	12,809	0	573,506
Charges for Services	0	238,297	0	0	0	238,297
Licenses, Permits, and Fees	12,117	16,300	0	0	0	28,417
Earnings on Investments	4,609	18,601	0	2,316	174	25,700
Other Revenue	1,657	33,342	0	6,875	0	41,874
Total Cash Receipts	529,353	941,982	17,405	22,000	174	1,510,914
Cash Disbursements:						
Current:						
General Government	142,499	0	0	0	0	142,499
Public Safety	0	580,896	0	11,860	0	592,756
Public Works	33,949	77,358	0	0	0	111,307
Health	6,731	29,732	0	0	0	36,463
Miscellaneous	0	0	0	0	8,270	8,270
Debt Service:						
Redemption of Principal	0	25,000	37,000	0	0	62,000
Interest and Fiscal Charges	0	1,640	1,906	0	0	3,546
Capital Outlay	61,542	30,578	0	117,666	0	209,786
Total Cash Disbursements	244,721	745,204	38,906	129,526	8,270	1,166,627
Total Receipts Over/(Under) Disbursements	284,632	196,778	(21,501)	(107,526)	(8,096)	344,287
Other Financing Receipts and (Disbursements):						
Transfers-In	0	21,685	19,227	0	0	40,912
Transfers-Out	(40,912)	0	0	0	0	(40,912)
Total Other Financing Receipts/(Disbursements)	(40,912)	21,685	19,227	0	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	243,720	218,463	(2,274)	(107,526)	(8,096)	344,287
Fund Cash Balances, January 1	70,145	1,266,739	2,442	242,236	15,018	1,596,580
Fund Cash Balances, December 31	\$313,865	\$1,485,202	\$168	\$134,710	\$6,922	\$1,940,867
Reserve for Encumbrances, December 31	\$8,475	\$136,374	\$0	\$5,525	\$0	\$150,374

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

**MONROE TOWNSHIP
LICKING 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>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:						
Local Taxes	\$77,469	\$477,618	\$16,079	\$0	\$0	\$571,166
Intergovernmental	66,223	126,760	0	8,881	0	201,864
Charges for Services	0	86,005	0	1,500	0	87,505
Licenses, Permits, and Fees	8,891	16,250	0	0	0	25,141
Earnings on Investments	7,708	44,283	0	13,232	315	65,538
Other Revenue	3,314	35,033	0	8,401	0	46,748
Total Cash Receipts	163,605	785,949	16,079	32,014	315	997,962
Cash Disbursements:						
Current:						
General Government	124,827	0	0	0	0	124,827
Public Safety	0	550,847	0	13,300	0	564,147
Public Works	33,047	80,020	0	0	0	113,067
Health	6,175	22,665	0	0	0	28,840
Debt Service:						
Redemption of Principal	0	0	12,000	0	0	12,000
Interest and Fiscal Charges	0	0	1,637	0	0	1,637
Capital Outlay	0	30,757	0	208,803	0	239,560
Total Cash Disbursements	164,049	684,289	13,637	222,103	0	1,084,078
Total Receipts Over/(Under) Disbursements	(444)	101,660	2,442	(190,089)	315	(86,116)
Other Financing Receipts and (Disbursements):						
Proceeds from Sale of Public Debt:						
Sale of Notes	0	0	0	50,000	0	50,000
Other Sources	0	0	0	0	8,270	8,270
Total Other Financing Receipts/(Disbursements)	0	0	0	50,000	8,270	58,270
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(444)	101,660	2,442	(140,089)	8,585	(27,846)
Fund Cash Balances, January 1	70,589	1,165,079	0	382,325	6,433	1,624,426
Fund Cash Balances, December 31	\$70,145	\$1,266,739	\$2,442	\$242,236	\$15,018	\$1,596,580
Reserve for Encumbrances, December 31	\$0	\$15,462	\$0	\$690	\$0	\$16,152

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

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

Certificates of deposit are valued at cost. The investment in STAR Ohio (The State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 Fund:

Fire District Fund - This fund receives property tax money for providing fire protection and emergency medical services.

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Funds

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

Debt Sinking Fund - This fund receives property tax money to pay for the retirement of debt principal and interest.

Miscellaneous Debt Fund - This fund receives property tax money to pay for the retirement of dept principal and interest.

4. Capital Project Funds

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

New Maintenance Facility - The Township received a loan to build a new Township Hall.

Miscellaneous Capital Project Fund - The Township received inheritance money to make improvements to the Township Hall.

5. Fiduciary Funds (Trust and Agency Funds)

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

Cemetery Trust Fund - This fund receives interest earnings on money it holds in trust for the upkeep of the cemetery.

Agency/Contractor Fund - This fund received money from a contractor who was awarded a contract for construction pertaining to the new Township Hall. The money was held by the Township until construction was completed.

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, 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.

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	\$809,960	\$405,161
Certificates of deposit	6,922	6,748
Total deposits	816,882	411,909
STAR Ohio	1,123,985	1,184,671
Total deposits and investments	\$1,940,867	\$1,596,580

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$514,450	\$529,353	\$14,903
Special Revenue	777,015	963,667	186,652
Debt Service	54,556	36,632	(17,924)
Capital Projects	32,121	22,000	(10,121)
Fiduciary	315	174	(141)
Total	\$1,378,457	\$1,551,826	\$173,369

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$334,021	\$294,108	\$39,913
Special Revenue	2,010,023	881,578	1,128,445
Debt Service	40,207	38,906	1,301
Capital Projects	266,798	135,051	131,747
Total	\$2,651,049	\$1,349,643	\$1,301,406

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$140,054	\$163,605	\$23,551
Special Revenue	794,446	785,949	(8,497)
Debt Service	63,644	16,079	(47,565)
Capital Projects	22,740	82,014	59,274
Fiduciary	275	315	40
Total	\$1,021,159	\$1,047,962	\$26,803

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$208,850	\$164,049	\$44,801
Special Revenue	1,944,650	699,751	1,244,899
Debt Service	16,058	13,637	2,421
Capital Projects	455,064	222,793	232,271
Total	\$2,624,622	\$1,100,230	\$1,524,392

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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 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. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

6. 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 coverage 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 Coverage

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, which the General Reinsurance Corporation will reinsure.

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
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

Property Coverage

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 most recent financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</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>	<u>2001</u>	<u>2000</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>

7. DEBT

The Township obtained a note in the amount of \$24,000 in 2000 to finance the purchase of a new truck. In 2001, the Township obtained a note for \$50,000 for the construction of a new Township building. The truck note and the building note were retired in 2002.

8. SUBSEQUENT EVENT

On February 7, 2003, the Board of Tax Appeals of the State of Ohio remanded to the Licking County Budget commission with orders to make an allocation of the 1997-2002 Undivided Local Government Fund (ULGF) and the 1997-2002 Undivided Local Government Revenue Assistance Fund (ULGRAF) in compliance with provisions of Ohio Revised Code Sections 5747.51 and 5747.62. In summary, the Board of Tax Appeals found that no alternative apportionment or formula allowed under Ohio Revised Code 5747.53 and 5747.63 was legally effective.

The County Budget Commission plans to appeal the ruling and the effect on government distributions cannot be determined at this time.



**Auditor of State
Betty Montgomery**

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

Monroe Township
Licking County
9444 Woodhaven Road
Johnstown, Ohio 43031

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township (the Township) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated March 11, 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, 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 a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 11, 2003.

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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 11, 2003.

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Monroe Township
Licking County
Independent Accountants' Report 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

March 11, 2003

**MONROE TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-40645-001	Revised Code 5705.41 (D), failure to certify funds	No	Partially Corrected. This citation is being repeated in the management letter.



**Auditor of State
Betty Montgomery**

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MONROE TOWNSHIP

LICKING 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
APRIL 10, 2003**