

MONROE TOWNSHIP

DAYTON REGION, DARKE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2003 – 2002



**Auditor of State
Betty Montgomery**

Board of Trustees
Monroe Township, Darke County

We have reviewed the Independent Auditor's Report of Monroe Township, Darke County, prepared by Vanderhorst & Manning CPAs, LLC, for the audit period January 1, 2002 through December 31, 2003. 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, Darke County is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 21, 2004

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**MONROE TOWNSHIP
DARKE COUNTY**

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Vanderhorst & Manning CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414

REPORT OF INDEPENDENT AUDITORS'

Board of Trustees
Monroe Township
2223 Red River-West Grove Road
Laura, Ohio 45337

We have audited the accompanying financial statements of Monroe Township, Darke County, Ohio, (the Township), as of and for the years ended December 31, 2003, and 2002. 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 audits 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 audits provide 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 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, Darke County, Ohio, as of December 31, 2003, and 2002, 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 a report dated June 17, 2004, 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 the 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 these specified parties.

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

June 17, 2004

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**MONROE TOWNSHIP
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	GOVERNMENTAL FUND TYPES		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Taxes	\$ 16,416	\$ 44,350	\$ 60,766
Licenses, Permits and Fees	0	1,645	1,645
Intergovernmental Receipts	28,930	77,733	106,663
Interest	1,418	157	1,575
All Other Receipts	621	10,768	11,389
Total Cash Receipts	47,385	134,653	182,038
Cash Disbursements:			
Current:			
General Government	76,952	157	77,109
Public Safety	0	17,372	17,372
Public Works	0	108,434	108,434
Health	6,478	12,813	19,291
Capital Outlay	99	0	99
Total Cash Disbursements	83,529	138,776	222,305
Total Receipts Over/(Under) Disbursements	(36,144)	(4,123)	(40,267)
Other Financing Receipts/(Disbursements):			
Transfers In	0	3,000	3,000
Transfers Out	(3,000)	0	(3,000)
Total Other Financing Receipts (Disbursements)	(3,000)	3,000	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(39,144)	(1,123)	(40,267)
Fund Cash Balances, January 1, 2003	98,645	63,894	162,539
Fund Cash Balances, December 31, 2003	\$ 59,501	\$ 62,771	\$ 122,272

The Notes to the Financial Statements are an integral part of this statement.

**MONROE TOWNSHIP
DARKE COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCE - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Non-Expendable <u>Trust</u>
Operating Cash Receipts:	
Interest	\$ 50
Operating Cash Disbursements:	
Supplies and Materials	<u> 50</u>
Operating Income	0
Fund Cash Balance, January 1, 2003	<u> 1,500</u>
Fund Cash Balance, December 31, 2003	<u><u> 1,500</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**MONROE TOWNSHIP
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	GOVERNMENTAL FUND TYPES		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Taxes	\$ 15,909	\$ 43,859	\$ 59,768
Licenses, Permits and Fees	0	1,918	1,918
Intergovernmental Receipts	65,325	65,125	130,450
Interest	2,672	450	3,122
All Other Receipts	144	11,347	11,491
Total Cash Receipts	84,050	122,699	206,749
Cash Disbursements:			
Current:			
General Government	41,292	270	41,562
Public Safety	0	18,924	18,924
Public Works	0	86,505	86,505
Health	6,278	11,662	17,940
Capital Outlay	0	18,735	18,735
Total Cash Disbursements	47,570	136,096	183,666
Total Receipts Over/(Under) Disbursements	36,480	(13,397)	23,083
Fund Cash Balances, January 1, 2002	62,165	77,291	139,456
Fund Cash Balances, December 31, 2002	\$ 98,645	\$ 63,894	\$ 162,539

The Notes to the Financial Statements are an integral part of this statement.

**MONROE TOWNSHIP
DARKE COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCE - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Non-Expendable <u>Trust</u>
Operating Cash Receipts:	
Interest	\$ 50
Operating Cash Disbursements:	
Supplies and Materials	<u> 50</u>
Operating Income	0
Fund Cash Balance, January 1, 2002	<u> 1,500</u>
Fund Cash Balance, December 31, 2002	<u><u> 1,500</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**MONROE TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Monroe Township of Darke 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 street maintenance, emergency medical services, fire protection and police 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 a payment is made 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

All Township funds are held in an interest bearing checking account and certificates of deposit.

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:

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 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 for construction, maintaining and repairing Township streets.

Gasoline Tax Fund – This fund receives gasoline money for constructing, maintaining and repairing Township streets.

**MONROE TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds: (Continued)

Road and Bridge Fund – This fund receives property tax money for constructing, maintaining and repairing Township streets.

Fire District Fund – This fund receives funding through levies and provides fire protection services for the Township.

Fiduciary Funds :

The Township's fiduciary fund is a Non-Expendable Trust Fund. Non-Expendable Trust Fund – Fiduciary Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and or other funds. Non-Expendable Trust Funds are accounted for in essentially the same manner as Proprietary funds.

E. Budgetary Process

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

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.

Estimated Resources

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

**MONROE TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINACIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made.

Encumbrances outstanding at year-end are cancelled, and reappropriated in the subsequent year.

A summary of 2003 and 2002 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:

	2003	2002
Demand Deposits	\$ 59,501	\$ 84,149
Certificates of Deposits	<u>62,414</u>	<u>79,890</u>
	<u>\$123,772</u>	<u>\$164,039</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**MONROE TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003, and 2002 was as follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 49,825	\$ 47,385	\$ 2,440
Special Revenue	140,810	137,653	3,157
Non-Expendable Trust	<u>50</u>	<u>50</u>	<u>0</u>
Total	<u>\$190,685</u>	<u>\$185,088</u>	<u>\$ 5,597</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$148,469	\$ 86,529	\$ 61,940
Special Revenue	184,027	138,776	45,251
Non-Expendable Trust	<u>1,550</u>	<u>50</u>	<u>1,500</u>
Total	<u>\$334,046</u>	<u>\$225,355</u>	<u>\$108,691</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 46,330	\$ 84,050	\$ 37,720
Special Revenue	110,645	122,699	12,054
Non-Expendable Trust	<u>5</u>	<u>50</u>	<u>45</u>
Total	<u>\$156,980</u>	<u>\$206,799</u>	<u>\$ 49,819</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$108,495	\$ 47,570	\$ 60,925
Special Revenue	187,936	136,096	51,840
Non-Expendable Trust	<u>1,505</u>	<u>50</u>	<u>1,455</u>
Total	<u>\$297,936</u>	<u>\$183,716</u>	<u>\$114,220</u>

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 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.

**MONROE TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

4. PROPERTY TAX (Continued)

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 full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement 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 2003 and 2002, members of OPERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003 and 2002.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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Vanderhorst & Manning CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414

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

Board of Trustees
Monroe Township
2223 Red River West Grove Road
Laura, Ohio 45337

We have audited the financial statements of the Monroe Township, Darke County, Ohio (the Township), as of and for the years ended December 31, 2003, and 2002, and have issued our report thereon dated June 17, 2002. We conducted our audits 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.

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 specific 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 immaterial instances of matters involving internal control that we have reported to management of the Township in a separate letter dated June 17, 2004.

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

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

June 17, 2004.



**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

DARKE 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 5, 2004**