

**MONROE TOWNSHIP
PICKAWAY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2004-2003

**Vanessa L. Blevins
Certified Public Accountant**



**Auditor of State
Betty Montgomery**

Board of Trustees
Monroe Township
Mt. Sterling, Ohio

We have reviewed the *Independent Accountants' Report* of Monroe Township, Pickaway County, prepared by Vanessa L. Blevins, CPA, for the audit period January 1, 2003 through December 31, 2004. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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, Pickaway County, is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 30, 2005

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**MONROE TOWNSHIP
PICKAWAY COUNTY**

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VANESSA L. BLEVINS
Certified Public Accountant

INDEPENDENT ACCOUNTANTS' REPORT

Monroe Township
Pickaway County
16657 Dennis Road
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Pickaway County, Ohio, (the Township) as of and for the years ended December 31, 2004 and December 31, 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. 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 more fully in Note 1, the Township prepares these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the

Township as of December 31, 2004, or its changes in financial position or cash flows of its proprietary funds for the years then ended.

Also, 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 Monroe Township, Pickaway County, Ohio, as of December 31, 2004 and December 31, 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2005 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.

Vanessa L. Blevins
Certified Public Accountant

August 27, 2005

**MONROE TOWNSHIP
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$161,700	\$182,018	\$0	\$343,718
Intergovernmental	65,285	95,243	21,285	181,813
Licenses, Permits, and Fees	5,481	0	0	5,481
Earnings on Investments	4,891	5,168	0	10,059
Other Revenue	1,350	483	0	1,833
	<u>238,706</u>	<u>282,911</u>	<u>21,285</u>	<u>542,903</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	154,580	1,809	0	156,389
Public Safety	6,000	0	0	6,000
Public Works	6,458	225,960	0	232,417
Health	5,255	0	0	5,255
Conservation / Recreation	5,372	0	0	5,372
Capital Outlay	10,000	39,688	0	49,688
Debt Service:				
Interest and Other Fiscal Charges	152	0	0	152
	<u>187,817</u>	<u>267,457</u>	<u>0</u>	<u>455,122</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>50,890</u>	<u>15,454</u>	<u>21,285</u>	<u>87,629</u>
Fund Cash Balances, January 1	<u>272,203</u>	<u>233,424</u>	<u>20,942</u>	<u>526,569</u>
Fund Cash Balances, December 31	<u><u>\$323,093</u></u>	<u><u>\$248,878</u></u>	<u><u>\$42,227</u></u>	<u><u>\$614,198</u></u>

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

**MONROE TOWNSHIP
PICKAWAY COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$166,967	\$219,064	\$0	\$386,031
Intergovernmental	136,493	95,638	210,374	442,505
Licenses, Permits, and Fees	3,673	0	0	3,673
Earnings on Investments	4,397	4,398	0	8,795
Other Revenue	1,871	616	0	2,487
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	313,401	319,716	210,374	843,491
Cash Disbursements:				
Current:				
General Government	155,132	734	0	155,866
Public Safety	6,000	0	0	6,000
Public Works	7,329	263,026	0	270,355
Health	6,209	0	0	6,209
Conservation / Recreation	11,815	0	0	11,815
Capital Outlay	0	38,184	208,942	247,126
Debt Service:				
Redemption of Principal	0	18,794	0	18,794
Interest and Other Fiscal Charges	0	2,911	0	2,911
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	186,485	323,649	208,942	719,076
Total Receipts Over/(Under) Disbursements	126,916	(3,933)	1,432	124,415
Fund Cash Balances, January 1	145,297	237,353	19,509	402,159
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$272,213	\$233,420	\$20,941	\$526,574
Reserve for Encumbrances, December 31	\$495	\$0	\$154,094	\$154,589

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

**MONROE TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Monroe Township, Pickaway 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 contracts with the Williamsport - Deercreek Fire Department and the Tri-County Joint Fire District to provide fire services and the Williamsport and Deercreek Emergency Services (WADES) and the Sterling Joint Ambulance District, to provide ambulance 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.

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 Funds:

**MONROE TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds (Continued)

Road and Bridge Fund – This fund receives property, real estate and manufactured home tax money for constructing, maintaining and repairing Township roads and bridges.

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

Special Levy Fire Fund – This fund receives property, real estate and manufactured home tax money for fire protections services to the Township. This is a 2 mill levied tax

Special Levy Emergency Medical Services Fund – This fund receives property, real estate and manufactured home tax money for emergency medical services.

Special Levy Fire Protection Fund – This fund received property, real estate and manufactured home tax money for fire protection services within the Township. This is a 1 mill levied tax.

3. Capital Project Funds

This fund is 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 fund:

Issue II Fund – The Township receives grant monies to complete road repairs, including the replacement of a bridge on Call Road.

ODNR Funds – The Township receives grant monies from the Ohio Department of Natural resources for the Township's ongoing park project.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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.

**MONROE TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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.

A summary of 2004 and 2003 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. Unpaid Vacation and Sick 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:

	<u>2004</u>	<u>2003</u>
Demand deposits	\$614,198	\$526,574
Certificates of deposit	<u>0</u>	<u>0</u>
Total deposits	<u><u>614,198</u></u>	<u><u>526,574</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

**MONROE TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and December 31, 2003 follows:

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$248,706	\$238,706	\$10,000
Special Revenue	312,679	282,911	29,768
Capital Projects	0	21,285	(21,285)
Fiduciary	0	0	0
Total	<u>\$561,385</u>	<u>\$542,902</u>	<u>\$18,483</u>

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$336,548	\$313,401	(\$23,147)
Special Revenue	329,858	319,716	(10,142)
Capital Projects	27,000	210,374	183,374
Fiduciary	0	0	0
Total	<u>\$693,406</u>	<u>\$843,491</u>	<u>\$150,085</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$481,845	\$186,980	\$294,865
Special Revenue	554,614	323,649	230,965
Capital Projects	393,825	363,036	30,789
Fiduciary	0	0	0
Total	<u>\$1,430,284</u>	<u>\$873,665</u>	<u>\$556,619</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 520,919	\$ 187,817	\$ 333,102
Special Revenue	546,099	267,457	278,642
Capital Projects	20,942	-	20,942
Fiduciary	-	-	-
Total	<u>\$ 1,087,960</u>	<u>\$ 455,274</u>	<u>\$ 632,686</u>

**MONROE TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

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.

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 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 2004 and 2003, members of PERS members 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, 2004.

6. RISK MANAGEMENT

Insurance Coverage

The Township has obtained commercial insurance for the following risks:

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

**MONROE TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

7. DEBT

The debt was paid by the end of 2004.

The general obligation note was issued in 2000 to finance the purchase of a new road maintenance truck. The note is collateralized solely by the Township's taxing authority.

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

	<u>Road Truck Loan</u>
Year ending December 31:	
2003	\$ 15,461
2004	<u>7,730</u>
Total	\$ <u>23,191</u>

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VANESSA L. BLEVINS
Certified Public Accountant

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

Monroe Township
Pickaway County
16657 Dennis Road
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Pickaway County, Ohio (the Township) as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated August 15, 2005. 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 instance of noncompliance that is 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 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,

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MONROE Township
Pickaway County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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that we have reported to management of the Township in a separate letter dated August 27, 2005.

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

Vanessa L. Blevins
Certified Public Accountant

August 27, 2005



**Auditor of State
Betty Montgomery**

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MONROE TOWNSHIP

PICKAWAY 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
OCTOBER 13, 2005**