



OHIO AUDITOR OF STATE
KEITH FABER



**MONROE TOWNSHIP
DARKE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types – For the Year Ended December 31, 2021	5
Statement of Additions, Deductions, and Change in Fund Balance (Regulatory Cash Basis) – Fiduciary Fund Type – For the Year Ended December 31, 2021	6
Notes to the Financial Statements For the Year Ended December 31, 2021	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types – For the Year Ended December 31, 2020	13
Statement of Additions, Deductions, and Change in Fund Balance (Regulatory Cash Basis) – Fiduciary Fund Type – For the Year Ended December 31, 2020	14
Notes to the Financial Statements For the Year Ended December 31, 2020	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	21
Schedule of Findings.....	23

This page intentionally left blank



INDEPENDENT AUDITOR'S REPORT

Monroe Township
Darke County
2223 Red River West Grove Road
Laura, Ohio 45337

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Monroe Township, Darke County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2021 and 2020, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 10 to the financial statements for each year, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2022, 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 grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 1, 2022

This page intentionally left blank.

Monroe Township*Darke County, Ohio**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2021*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$25,220	\$94,412	\$0	\$119,632
Licenses, Permits and Fees	1,199	10,425	0	11,624
Intergovernmental	23,473	229,157	40,000	292,630
Earnings on Investments	2,805	242	0	3,047
Miscellaneous	788	7,506	0	8,294
<i>Total Cash Receipts</i>	<u>53,485</u>	<u>341,742</u>	<u>40,000</u>	<u>435,227</u>
Cash Disbursements				
Current:				
General Government	46,326	0	0	46,326
Public Safety	0	51,176	0	51,176
Public Works	0	72,812	0	72,812
Health	12,859	13,337	0	26,196
Human Services	0	1,432	0	1,432
Capital Outlay	0	0	118,439	118,439
<i>Total Cash Disbursements</i>	<u>59,185</u>	<u>138,757</u>	<u>118,439</u>	<u>316,381</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,700)</u>	<u>202,985</u>	<u>(78,439)</u>	<u>118,846</u>
<i>Other Financing Receipts (Disbursements)</i>				
<i>Transfers In</i>	2,000	0	78,439	80,439
<i>Transfers Out</i>	<u>(2,000)</u>	<u>(78,439)</u>	<u>0</u>	<u>(80,439)</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>(78,439)</u>	<u>78,439</u>	<u>0</u>
 <i>Net Change in Fund Cash Balances</i>	 (5,700)	 124,546	 0	 118,846
<i>Fund Cash Balances, January 1</i>	<u>200,095</u>	<u>613,762</u>	<u>0</u>	<u>813,857</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$194,395</u></u>	<u><u>\$738,308</u></u>	<u><u>\$0</u></u>	<u><u>\$932,703</u></u>

See accompanying notes to the basic financial statements

Monroe Township

Darke County

*Statement of Additions, Deductions
and Change in Fund Balance (Regulatory Cash Basis)*

Fiduciary Fund Type

For the Year Ended December 31, 2021

	Private Purpose Trust
Additions	
Earnings on Investments	\$46
<i>Total Additions</i>	<u>46</u>
Deductions	
Distributions as Fiscal Agent	<u>0</u>
<i>Total Deductions</i>	<u>0</u>
<i>Net Change in Fund Balances</i>	46
<i>Fund Cash Balances, January 1</i>	<u>1,956</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,002</u></u>

See accompanying notes to the basic financial statements

Monroe Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Summary of Significant Accounting Policies

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Monroe Township, Darke County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and zoning services. The Township contracts with the Village of Pittsburg to provide fire services. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of additions, deductions and change in fund balance (regulatory cash basis) for the fiduciary fund type which, are all organized on a fund type basis.

Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Deposits and Investments

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

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Monroe Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Motor Vehicle License Tax Fund This fund receives tax money for constructing, maintaining, and repairing Township roads and bridges.

Gas Tax Fund This fund receives gasoline tax money to pay for constructing, maintaining, and repairing township roads.

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

Coronavirus Relief Fund - This fund accounts for and reports the proceeds and expenditures for coronavirus relief.

Fiduciary - Private Purpose Trust Fund

Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's private purpose trust fund is for the benefit of H. Stouffer & Laura Jane Troutwine.

Capital Projects Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

Public Works Commission Project Fund – This fund receives OPWC Issue 2 monies for maintaining and repairing township roads.

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. Appropriations lapse at year end.

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

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

Monroe Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2021

A summary of 2021 budgetary activity appears in Note 3.

Property, Plant and Equipment

The township records disbursements for acquisition of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

Note 2 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

Monroe Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2021

	2021
Demand deposits	\$763,808
Certificates of deposit	170,897
Total deposits and investments	\$934,705

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$49,899	\$55,485	\$5,586
Special Revenue	165,931	341,742	175,811
Capital Projects	118,439	118,439	0
Private Purpose Trust	45	46	1
Total	\$334,314	\$515,712	\$181,398

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$243,702	\$61,185	\$182,517
Special Revenue	859,716	217,196	642,520
Capital Projects	0	118,439	(118,439)
Private Purpose Trust	501	0	501
Total	\$1,103,919	\$396,820	\$707,099

Note 4 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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. The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

Monroe Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2021.

Note 6 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 7 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$ 34,880,599
Actuarial liabilities	\$ 10,601,444

Monroe Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Related Party Transaction

A Township employee was the owner of land acquired by the Township for future cemetery use during 2012. The Township paid \$67,550 for this acquisition. The Township also entered into a contract with a Township employee to farm the land now owned by the Township.

Note 9 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. The Township did not have nonspendable fund balances or outstanding encumbrances at year end.

The fund balance of special revenue funds is either restricted or committed.

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Monroe Township*Darke County, Ohio**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2020*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$26,149	\$97,425	\$123,574
Licenses, Permits and Fees	1,977	7,200	9,177
Intergovernmental	22,001	266,864	288,865
Earnings on Investments	4,826	199	5,025
Miscellaneous	6,658	10,609	17,267
<i>Total Cash Receipts</i>	<u>61,611</u>	<u>382,297</u>	<u>443,908</u>
Cash Disbursements			
Current:			
General Government	43,591	0	43,591
Public Safety	0	51,495	51,495
Public Works	0	185,585	185,585
Health	12,806	9,213	22,019
Human Services	0	108,532	108,532
<i>Total Cash Disbursements</i>	<u>56,397</u>	<u>354,825</u>	<u>411,222</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>5,214</u>	<u>27,472</u>	<u>32,686</u>
<i>Other Financing Receipts (Disbursements)</i>			
<i>Transfers In</i>	3,000	0	3,000
<i>Transfers Out</i>	(3,000)	0	(3,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	5,214	27,472	32,686
<i>Fund Cash Balances, January 1</i>	<u>194,881</u>	<u>586,290</u>	<u>781,171</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$200,095</u></u>	<u><u>\$613,762</u></u>	<u><u>\$813,857</u></u>

See accompanying notes to the basic financial statements

Monroe Township

Darke County

*Statement of Additions, Deductions
and Change in Fund Balance (Regulatory Cash Basis)*

Fiduciary Fund Type

For the Year Ended December 31, 2020

	Private Purpose Trust
Additions	
Earnings on Investments	\$46
<i>Total Additions</i>	<u>46</u>
Deductions	
Distributions as Fiscal Agent	<u>54</u>
<i>Total Deductions</i>	<u>54</u>
<i>Net Change in Fund Balances</i>	(8)
<i>Fund Cash Balances, January 1</i>	<u>1,964</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,956</u></u>

See accompanying notes to the basic financial statements

Monroe Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Summary of Significant Accounting Policies

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Monroe Township, Darke County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and zoning services. The Township contracts with the Village of Pittsburg to provide fire services. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of additions, deductions and change in fund balance (regulatory cash basis) for the fiduciary fund type, which are all organized on a fund type basis.

Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Deposits and Investments

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

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Monroe Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Motor Vehicle License Tax Fund This fund receives tax money for constructing, maintaining, and repairing Township roads and bridges.

Gas Tax Fund This fund receives gasoline tax money to pay for constructing, maintaining, and repairing township roads.

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

Coronavirus Relief Fund - This fund accounts for and reports the proceeds and expenditures for coronavirus relief.

Fiduciary - Private Purpose Trust Fund

Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's private purpose trust fund is for the benefit of H. Stouffer & Laura Jane Troutwine.

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. Appropriations lapse at year end.

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

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

A summary of 2020 budgetary activity appears in Note 3.

Property, Plant and Equipment

The township records disbursements for acquisition of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

Monroe Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

Note 2 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2020
Demand deposits	<u>\$624,954</u>
Certificates of deposit	190,859
Total deposits and investments	<u><u>\$815,813</u></u>

Monroe Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$49,440	\$64,611	\$15,171
Special Revenue	388,634	382,297	(6,337)
Private Purpose Trust	45	46	1
Total	\$438,119	\$446,954	\$8,835

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$243,348	\$59,397	\$183,951
Special Revenue	975,903	354,825	621,078
Private Purpose Trust	509	54	455
Total	\$1,219,760	\$414,276	\$805,484

Note 4 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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. The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 5 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

Monroe Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 6 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 7 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$ 36,348,066
Actuarial liabilities	\$ 10,894,146

Note 8 – Related Party Transaction

A Township employee was the owner of land acquired by the Township for future cemetery use during 2012. The Township paid \$67,550 for this acquisition. The Township also entered into a contract with a Township employee to farm the land now owned by the Township.

Monroe Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. The Township did not have nonspendable fund balances or outstanding encumbrances at year end.

The fund balance of special revenue funds is either restricted or committed.

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Monroe Township
Darke County
2223 Red River West Grove Road
Laura, Ohio 45337

To the Board of Trustees:

We have audited, 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, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of Monroe Township, Darke County, (the Township) and have issued our report thereon dated December 1, 2022, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the related emergency measures which may impact subsequent periods of the Township.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 1, 2022

**MONROE TOWNSHIP
DARKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 and 2020**

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

FINDING NUMBER 2021-001

Material Weakness – Financial Statement Misstatement

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Township did not have procedures in place to accurately post financial transactions to the accounting system. The Township's financial statements for 2020 and 2021 contained errors which resulted in reclassification and adjustments to correctly report the financial activity during the audit period as follows:

- General Fund interest revenue and ending fund balance were understated by \$4,709 in 2020 and interest revenue and beginning fund balance were overstated by \$4,709 in 2021 respectively, due to misposting of interest revenue.
- During 2020, the Township misclassified property tax as miscellaneous revenue for the Fire District fund (Fund 2111) in the amount of \$33,214. Additionally, the Township misclassified intergovernmental revenue in the amount of \$855 to miscellaneous revenue for the Fire District fund (Fund 2111). This resulted in property tax being understated in the amount of \$33,214, intergovernmental revenue being understated in the amount of \$855, and miscellaneous revenue being overstated in the amount of \$34,069.
- During 2021, the Township misclassified property tax as miscellaneous revenue for the Fire District fund (Fund 2111) in the amount of \$33,101. Additionally, the Township misclassified intergovernmental revenue in the amount of \$899 to miscellaneous revenue for the Fire District fund (Fund 2111). This resulted in property tax being understated in the amount of \$33,101, intergovernmental revenue being understated in the amount of \$899, and miscellaneous revenue being overstated in the amount of \$34,000.
- **Governmental Accounting Standards Board (GASB) Statement No. 54** par. 5 (GASB Codification 1800.165), states, in part, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Auditor of State Bulletin 2011- 004 further states that the Zoning Fund has no constraint imposed on the resources, either internally or externally, and therefore, must be reported as part of the general fund unassigned balance.

During 2021, the Township reported the Zoning Fund as part of special revenue funds rather than the general fund as required by GASB Statement No. 54. This error resulted in overstatement of fund cash balance, beginning of year in the amount of \$1,583, licenses, permits and fees in the amount of \$1,199, transfers in in the amount of \$2,000, general government disbursements in the amount of \$1,025, health disbursements in the amount of \$3,598, and fund cash balance, end of year in the amount of \$159 for special revenue funds (zoning fund). In the general fund, this resulted in the understatement of fund cash balance, beginning of year, in the amount of \$1,583, licenses, permits and fees in the amount of \$1,119, transfers in in the amount of \$2,000, general government disbursements in the amount of \$1,025, health disbursements in the amount of \$3,598, and fund cash balance, end of year, in the amount of \$159.

FINDING NUMBER 2021-001
(Continued)

Failure to properly record financial activity could lead to material financial statement errors and misleading financial statement information. Policies and procedures should be developed and implemented to verify that all financial activity is recorded correctly. To assist in this process, the Township should review the Uniform Accounting Network (UAN) chart of accounts.

Failure to classify fund balances in accordance with GASB Statement No. 54 and Auditor of State Bulletin 2011-004 could lead to fund balance errors, misstated financial statements, and misleading financial statement information. The Township should implement procedures to review GASB Statement No. 54 requirements, including Auditor of State Bulletin 2011-004, and apply these requirements to the financial statements.

Officials' Response:

We did not receive a response from Officials to this finding.

OHIO AUDITOR OF STATE KEITH FABER



MONROE TOWNSHIP

DARKE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/27/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov