



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**MONROE TOWNSHIP  
MIAMI COUNTY**

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STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Monroe Township  
Miami County  
4 East Main Street  
Tipp City, Ohio 45371

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township (the Township), as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Monroe Township, Miami County, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

May 30, 2002

**MONROE TOWNSHIP  
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Funds Non Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>		
<b>Cash Receipts:</b>				
Local Taxes	\$256,052	\$299,091		\$555,143
Intergovernmental	190,762	131,248		322,010
Special Assessments		18,437		18,437
Licenses, Permits, and Fees		32,150		32,150
Earnings on Investments	26,889	12,582	1,158	40,629
Other Revenue	67,662	13,756		81,418
	<u>541,365</u>	<u>507,264</u>	<u>1,158</u>	<u>1,049,787</u>
Total Cash Receipts				
<b>Cash Disbursements:</b>				
Current:				
General Government	347,630			347,630
Public Safety		64,376		64,376
Public Works	123,827	268,560		392,387
Health	11,993	106,498	700	119,191
Conservation - Recreation		124,677		124,677
Capital Outlay		19,235		19,235
	<u>483,450</u>	<u>583,346</u>	<u>700</u>	<u>1,067,496</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	57,915	(76,082)	458	(17,709)
<b>Other Financing Receipts:</b>				
Other Sources		46,775		46,775
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	57,915	(29,307)	458	29,066
Fund Cash Balances, January 1	449,825	342,955	13,500	806,280
<b>Fund Cash Balances, December 31</b>	<u>\$507,740</u>	<u>\$313,648</u>	<u>\$13,958</u>	<u>\$835,346</u>

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

**MONROE TOWNSHIP  
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<b>Fiduciary Funds Non Expendable Trust</b>	<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>		
<b>Cash Receipts:</b>				
Local Taxes	\$248,489	\$297,269		\$545,758
Intergovernmental	145,836	134,531		280,367
Special Assessments		18,145		18,145
Licenses, Permits, and Fees		38,029		38,029
Earnings on Investments	41,189	20,404	601	62,194
Other Revenue	60,490	14,736	1,000	76,226
<b>Total Cash Receipts</b>	<u>496,004</u>	<u>523,114</u>	<u>1,601</u>	<u>1,020,719</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	358,299			358,299
Public Safety		79,643		79,643
Public Works	216,614	243,987		460,601
Health	10,375	92,252	601	103,228
Conservation - Recreation	10,000	120,397		130,397
Capital Outlay		18,173		18,173
<b>Total Cash Disbursements</b>	<u>595,288</u>	<u>554,452</u>	<u>601</u>	<u>1,150,341</u>
<b>Total Receipts Over/(Under) Disbursements</b>	(99,284)	(31,338)	1,000	(129,622)
<b>Other Financing Receipts:</b>				
Other Sources		41,128		41,128
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements</b>	(99,284)	9,790	1,000	(88,494)
<b>Fund Cash Balances, January 1</b>	<u>549,109</u>	<u>333,165</u>	<u>12,500</u>	<u>894,774</u>
<b>Fund Cash Balances, December 31</b>	<u>\$449,825</u>	<u>\$342,955</u>	<u>\$13,500</u>	<u>\$806,280</u>

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

**MONROE TOWNSHIP  
MIAMI COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Monroe Township, Miami 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, and park operations. The Township contracts with the City of Tipp City to provide fire services and Emergency Medical Specialist, Inc., 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.

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. Interest on investments was not credited to proper funds, as required by Ohio Rev. Code.

Certificates of deposits 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:

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

**MONROE TOWNSHIP  
MIAMI COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Fire Fund** – This fund receives property tax money for the purchase of equipment to be utilized by the Tipp City Fire Department.

**Tipp-Monroe Community Service Fund** – This fund receives property tax money which is remitted to the Tipp-Monroe Community Services, Inc., a not for profit organization exempt from federal income taxes under Section 501(3)(c) of the Internal Revenue Code. The primary objective of Tipp Monroe Community Services, Inc. is the provision of a broad range of comprehensive education, recreational, cultural, and social service for the people of Tipp City and Monroe Township. Money collected and remitted to Tipp-Monroe Community Services, Inc. for the fiscal year ended December 31, 2000 was \$120,398 and \$124,676 for the fiscal year ended December 31, 2001.

**3. Fiduciary Funds (Trust and Agency Funds)**

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

**Non-Expendable Cemetery Bequest Fund** – Amounts donated are maintained in perpetuity. Investment earnings are used for maintenance of specific sites.

**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.

**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. The Township did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**MONROE TOWNSHIP  
MIAMI COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

	2001	2000
Demand deposits	\$821,846	\$792,780
Certificates of deposit	13,500	13,500
Total deposits	835,346	806,280

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by a line of credit maintained by the Federal Home Loan Bank of Cincinnati, or (3) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$541,365	\$541,365	\$0
Special Revenue	554,039	554,039	0
Fiduciary	1,158	1,158	0
Total	\$1,096,562	\$1,096,562	\$0

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$773,000	\$483,450	\$289,550
Special Revenue	808,676	583,346	225,330
Fiduciary	700	700	0
Total	\$1,582,376	\$1,067,496	\$514,880

**MONROE TOWNSHIP  
MIAMI COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$496,004	\$496,004	\$0
Special Revenue	564,242	564,242	0
Fiduciary	1,601	1,601	0
Total	\$1,061,847	\$1,061,847	\$0

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$743,000	\$595,288	\$147,712
Special Revenue	814,398	554,452	259,946
Fiduciary	601	601	0
Total	\$1,557,999	\$1,150,341	\$407,658

**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.

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**

Employees of the Township 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.

**MONROE TOWNSHIP  
MIAMI COUNTY**

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

**5. RETIREMENT SYSTEMS (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

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

The Township provides dental, vision, health, and life insurance benefits to its' full time employees and provides life insurance benefits to the Board of Trustees.

**7. TIPP-MONROE COMMUNITY SERVICES**

The Township levies a property tax for the purpose of supporting Tipp-Monroe Community Services, Inc., a not for profit organization exempt from federal income taxes under Section 501(3)(c) of the Internal Revenue Code. The primary objective of Tipp Monroe Community Services, Inc. is the provision of a broad range of comprehensive education, recreational, cultural, and social service for the people of Tipp City and Monroe Township. Further information regarding this organization can be obtained from Tipp-Monroe Community Services, Inc. 3 East Main Street, Tipp City, Ohio 45371, Phone: 937-667-8631, E-mail: [tmcomservices@coax.net](mailto:tmcomservices@coax.net), Philip G. Cox, President, Board of Trustees.

The amount collected during 2001 and 2000 on behalf of Tipp-Monroe Community Services, Inc. was \$124,676 and \$120,398 respectively. These amounts are reported as taxes in the Special Revenue funds. The payments are included as conservation-recreation.

**8. LEGAL COMPLIANCE**

The Township was not in compliance with Ohio Rev. Code Section 5705.41(D), which requires subdivisions to certify the availability of funds prior to their obligation.

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One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
www.auditor.state.oh.us

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

Monroe Township  
Miami County  
4 East Main Street  
Tipp City, Ohio 45371

We have audited the financial statements of Monroe Township, Miami County, (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report hereon dated May 30, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatements, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-40355-001. We also noted certain immaterial instances of non-compliance that we have reported to the management of the Township in a separate letter dated May 30, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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.

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

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

May 30, 2002

**MONROE TOWNSHIP  
MIAMI COUNTY**

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

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

**FINDING NUMBER 2001-40355-001**

**Ohio Rev. Code Section 5705.41(D)** states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

This Section also provides an exception to this requirement:

If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the township must approve of such payment within thirty days of the date of the fiscal officer's certification.

The Township failed to properly certify the availability of funds for eight of sixty expenditures tested. This represented approximately 15% of the total dollar amount tested.

The Township should certify the availability of funds before ordering goods or services to comply with this requirement.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**MONROE TOWNSHIP**

**MIAMI 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  
JULY 16, 2002**