



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

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**STATE OF OHIO**



**MONROE TOWNSHIP  
HARRISON COUNTY**

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Monroe Township  
Harrison County  
90200 Mill Hill Road PO 249  
Bowerston, Ohio 44695-0249

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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Monroe Township 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 June 3, 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".

**Jim Petro**  
Auditor of State

June 3, 2002



**MONROE TOWNSHIP  
HARRISON COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$11,282	\$60,279	\$71,561
Intergovernmental Receipts	13,878	67,593	81,471
Fines, Licenses, and Permits	145		145
Earnings on Investments	359	208	567
Miscellaneous	1,723	5,780	7,503
	<u>27,387</u>	<u>133,860</u>	<u>161,247</u>
<b>Total Cash Receipts</b>			
	<u>27,387</u>	<u>133,860</u>	<u>161,247</u>
<b>Cash Disbursements:</b>			
Current:			
Public Works	5,000	105,626	110,626
Health	1,100		1,100
Public Safety		26,416	26,416
General Government	20,659	8,214	28,873
Capital Outlay		1,000	1,000
	<u>26,759</u>	<u>141,256</u>	<u>168,015</u>
<b>Total Cash Disbursements</b>			
	<u>26,759</u>	<u>141,256</u>	<u>168,015</u>
Total Receipts Over/(Under) Disbursements	<u>628</u>	<u>(7,396)</u>	<u>(6,768)</u>
Fund Cash Balances, January 1	<u>10,697</u>	<u>43,885</u>	<u>54,582</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$11,325</u></u>	<u><u>\$36,489</u></u>	<u><u>\$47,814</u></u>

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

**MONROE TOWNSHIP  
HARRISON COUNTY**

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

	<b>Fiduciary Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>Nonexpendable Trust</b>	<b>Agency</b>	
<b>Operating Cash Receipts:</b>			
Miscellaneous	\$382		\$382
Total Operating Cash Receipts	382		382
Operating Income/(Loss)	382		382
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts		\$5,000	5,000
Total Non-Operating Cash Receipts		5,000	5,000
Net Receipts Over/(Under) Disbursements	382	5,000	5,382
Fund Cash Balances, January 1	9,048	7,500	16,548
<b>Fund Cash Balances, December 31</b>	<b>\$9,430</b>	<b>\$12,500</b>	<b>\$21,930</b>

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

**MONROE TOWNSHIP  
HARRISON COUNTY**

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$11,035	\$59,775	\$70,810
Intergovernmental Receipts	13,875	68,078	81,953
Fines, Licenses, and Permits	97		97
Earnings on Investments	729	510	1,239
Miscellaneous	120	4,945	5,065
	<hr/>		
Total Cash Receipts	<u>25,856</u>	<u>133,308</u>	<u>159,164</u>
<b>Cash Disbursements:</b>			
Current:			
Public works	2,500	128,941	131,441
Health	1,855		1,855
Public Safety		14,366	14,366
General Government	27,006	6,731	33,737
Capital Outlay	3,720	1,005	4,725
	<hr/>		
Total Cash Disbursements	<u>35,081</u>	<u>151,043</u>	<u>186,124</u>
Total Receipts Over/(Under) Disbursements	<u>(9,225)</u>	<u>(17,735)</u>	<u>(26,960)</u>
Fund Cash Balances, January 1	<u>19,922</u>	<u>61,620</u>	<u>81,542</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$10,697</u></u></b>	<b><u><u>\$43,885</u></u></b>	<b><u><u>\$54,582</u></u></b>

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

**MONROE TOWNSHIP  
HARRISON COUNTY**

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

	<b>Fiduciary Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>Nonexpendable Trust</b>	<b>Agency</b>	
<b>Operating Cash Receipts:</b>			
Miscellaneous	\$326		\$326
Total Operating Cash Receipts	326		326
Operating Income/(Loss)	326		326
Fund Cash Balances, January 1	8,722	\$7,500	16,222
<b>Fund Cash Balances, December 31</b>	<b>\$9,048</b>	<b>\$7,500</b>	<b>\$16,548</b>

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

**MONROE TOWNSHIP  
HARRISON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Monroe Township, Harrison 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, and cemetery maintenance. The Township contracts with Bowerston Volunteer Fire Department to provide fire protection.

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 included in fund cash balances. 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:

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

**MONROE TOWNSHIP  
HARRISON 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.

**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 funds:

Cemetery Bequest Fund – This fund receives interest to help maintain the Township cemetery.

Road Bond Fund – This fund receives money for road bonds which are returned if no damage is done to the Township road.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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 certify encumbrances when individual commitments were made.

A summary of 2001 and 2000 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.

**MONROE TOWNSHIP  
HARRISON COUNTY**

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

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

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2001	2000
Demand deposits	\$62,035	\$63,803
Certificates of deposit	7,709	7,327
Total deposits	\$69,744	\$71,130

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

**3. BUDGETARY ACTIVITY**

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

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,674	\$27,387	\$2,713
Special Revenue	144,614	133,860	(10,754)
Fiduciary	0	382	382
Agency	0	5,000	5,000
Total	\$169,288	\$166,629	(\$2,659)

**2001 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$32,100	\$26,759	\$5,341
Special Revenue	174,187	141,256	32,931
Fiduciary	0	0	0
Agency	3,500	0	3,500
Total	\$209,787	\$168,015	\$41,772

**MONROE TOWNSHIP  
HARRISON 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	\$23,177	\$25,856	\$2,679
Special Revenue	140,122	133,308	(6,814)
Fiduciary	0	326	326
Agency	0	0	0
Total	\$163,299	\$159,490	(\$3,809)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$37,327	\$35,081	\$2,246
Special Revenue	183,156	151,043	32,113
Fiduciary	0	0	0
Agency	3,500	0	3,500
Total	\$223,983	\$186,124	\$37,859

**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.

**MONROE TOWNSHIP  
HARRISON 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. For 2001 and 2000, 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.

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OFFICE OF THE AUDITOR**

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

Monroe Township  
Harrison County  
90200 Mill Hill Road PO 249  
Bowerston, Ohio 44695-0249

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, and have issued our report thereon dated June 3, 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as item 2001-41234-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 3, 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 3, 2002.

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

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

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

**Jim Petro**  
Auditor of State

June 3, 2002

**MONROE TOWNSHIP  
HARRISON 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 2001-41234-001**

**Ohio Revised Code § 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. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars the fiscal officer issues a certificate, but may authorize it to be paid without affirmation of the board.

The Township Clerk did not attach the certificate of the fiscal officer to the purchase orders to certify that the amount required to meet the commitment for each expenditure was in the treasury or in the process of collection. Neither of the abovementioned exceptions was used.

Failure to certify the availability of funds could result in overspending and negative cash balances. The Township should obtain approved purchase orders which include the fiscal officer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized prior to making a commitment.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**MONROE TOWNSHIP**

**HARRISON 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  
JUNE 27, 2002**