



**Auditor of State
Betty Montgomery**

**MONROE TOWNSHIP
MIAMI COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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, Miami County, (the Township), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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, Miami County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2004, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Monroe Township
Miami County
Independent Accountants' Report
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This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 27, 2004

**MONROE TOWNSHIP
MIAMI COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Non Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>		
Cash Receipts:				
Local Taxes	\$277,899	\$306,353		\$584,252
Intergovernmental	113,274	147,579		260,853
Special Assessments		18,598		18,598
Licenses, Permits, and Fees		37,000		37,000
Earnings on Investments	9,272	416	\$117	9,805
Other Revenue	65,981	86,196		152,177
Total Cash Receipts	<u>466,426</u>	<u>596,142</u>	<u>117</u>	<u>1,062,685</u>
Cash Disbursements:				
Current:				
General Government	390,099			390,099
Public Safety		63,675		63,675
Public Works	155,143	323,518		478,661
Health	14,882	98,651	127	113,660
Conservation - Recreation	2,814	130,418		133,232
Capital Outlay		18,808		18,808
Total Cash Disbursements	<u>562,938</u>	<u>635,070</u>	<u>127</u>	<u>1,198,135</u>
Total Receipts Over/(Under) Disbursements	<u>(96,512)</u>	<u>(38,928)</u>	<u>(10)</u>	<u>(135,450)</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		5,159		5,159
Transfers-Out		(5,159)		(5,159)
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(96,512)</u>	<u>(38,928)</u>	<u>(10)</u>	<u>(135,450)</u>
Fund Cash Balances, January 1	<u>466,265</u>	<u>312,692</u>	<u>13,510</u>	<u>792,467</u>
Fund Cash Balances, December 31	<u>\$369,753</u>	<u>\$273,764</u>	<u>\$13,500</u>	<u>\$657,017</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 AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Fiduciary Fund Non Expendable Trust	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>		
Cash Receipts:				
Local Taxes	\$272,320	\$303,963		\$576,283
Intergovernmental	168,720	137,502		306,222
Special Assessments		18,587		18,587
Licenses, Permits, and Fees		37,300		37,300
Earnings on Investments	15,913	1,470	\$351	17,734
Other Revenue	64,216	56,458		120,674
Total Cash Receipts	<u>521,169</u>	<u>555,280</u>	<u>351</u>	<u>1,076,800</u>
Cash Disbursements:				
Current:				
General Government	428,336			428,336
Public Safety		64,567		64,567
Public Works	121,750	256,235		377,985
Health	12,558	90,017	800	103,375
Conservation - Recreation		126,607		126,607
Capital Outlay		18,809		18,809
Total Cash Disbursements	<u>562,644</u>	<u>556,235</u>	<u>800</u>	<u>1,119,679</u>
Total Receipts Over/(Under) Disbursements	<u>(41,475)</u>	<u>(955)</u>	<u>(449)</u>	<u>(42,879)</u>
Fund Cash Balances, January 1	<u>507,740</u>	<u>313,647</u>	<u>13,959</u>	<u>835,346</u>
Fund Cash Balances, December 31	<u>\$466,265</u>	<u>\$312,692</u>	<u>\$13,510</u>	<u>\$792,467</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, 2003 AND 2002**

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.

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
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Service 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 years ended December 31, 2003 and 2002 was \$130,418 and \$126,607, respectively.

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 fiduciary fund.

Non-Expendable Cemetary 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.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**MONROE TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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:

	2003	2002
Demand deposits	\$643,517	\$778,967
Certificates of deposit	13,500	13,500
Total deposits	657,017	792,467

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, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$466,426	\$466,426	\$0
Special Revenue	601,300	601,301	1
Fiduciary	117	117	0
Total	\$1,067,843	\$1,067,844	\$1

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$841,000	\$562,938	\$278,062
Special Revenue	861,577	640,229	221,348
Fiduciary	127	127	0
Total	\$1,702,704	\$1,203,294	\$499,410

**MONROE TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$521,169	\$521,169	\$0
Special Revenue	555,280	555,280	0
Fiduciary	351	351	0
Total	<u>\$1,076,800</u>	<u>\$1,076,800</u>	<u>\$0</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$784,000	\$562,644	\$221,356
Special Revenue	857,607	556,235	301,372
Fiduciary	800	800	0
Total	<u>\$1,642,407</u>	<u>\$1,119,679</u>	<u>\$522,728</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

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 provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

**MONROE TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

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 Clerk and 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 Service 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 Philip G. Cox, President, Board of Trustees.

The amount collected during 2003 and 2002 on behalf of Tipp-Monroe Community Services, Inc., was \$130,418 and \$126,607, respectively. These amounts are reported as taxes in the Special Revenue funds. The payments are included as conservation-recreation.

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**Auditor of State
Betty Montgomery**

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

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, Miami County, (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated February 27, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the 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
Independent Accountants' Report 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, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 27, 2004

**MONROE TOWNSHIP
MIAMI COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-40355-001	Revised Code 5705.41(D), failure to certify the availability of funds prior to purchase commitment.	Yes	



**Auditor of State
Betty Montgomery**

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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
MAY 25, 2004**