



Dave Yost • Auditor of State

**MONROE TOWNSHIP
LICKING COUNTY**

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LICKING COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Monroe Township
Licking County
9444 Woodhaven Road
Johnstown, Ohio 43031

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Township, Licking County, Ohio (the Township), as of and for the year ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Township, Licking County, Ohio, as of December 31, 2012 and 2011, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Fire Special Levy and Fire Rescue Ambulance EMS Services Funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2011, the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Township's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net assets, changes in net assets and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

September 4, 2013

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**MONROE TOWNSHIP
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
UNAUDITED**

This discussion and analysis of the Monroe Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2012 and 2011, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2012 are as follows:

Net assets of governmental activities increased \$364,192, or 18.5 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Fire Special Levy Fund, due to decrease in fund expenditures.

The Township's general receipts are primarily property taxes. These receipts represent respectively 52 percent of the total cash received for governmental activities during the year. Property tax receipts for 2012 changed very little compared to 2011 as development within the Township has slowed.

Key highlights for 2011 are as follows:

Net assets of governmental activities increased \$180,226, or 10 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Fire Special Levy fund, due to increases in property taxes receipts. .

The Township's general receipts are primarily property taxes. These receipts represent respectively 54 percent of the total cash received for governmental activities during the year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**MONROE TOWNSHIP
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
UNAUDITED**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net position and the statement of activities reflect how the Township did financially during 2012 and 2011, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net position and the statement of activities, we report on the Township's governmental activities. Most of the Township's basic services are reported here, including fire, streets and cemetery. Property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The Township only has governmental funds.

**MONROE TOWNSHIP
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
UNAUDITED**

Governmental Funds - The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds included the General Fund, Fire Special Levy Fund and the Fire Rescue Ambulance EMS Services Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

The Township as a Whole

Table 1 provides a summary of the Township's net position for 2012 and 2011 compared to 2010 on a cash basis.

(Table 1)

Net Assets

	Governmental Activities		
	2012	2011	2010
Assets			
Cash and Cash Equivalents	\$2,329,821	\$1,965,629	\$1,785,403
Total Assets	\$2,329,821	\$1,965,629	\$1,785,403
Net Assets			
Restricted for:			
Capital Projects	4,202	4,185	4,172
Permanent:			
Expendable	3,629	3,494	3,251
Nonexpendable	5,000	5,000	5,000
Other Purposes	2,122,674	1,849,712	1,518,587
Unrestricted	194,316	103,238	254,393
Total Net Assets	\$2,329,821	\$1,965,629	\$1,785,403

As mentioned previously, net position of governmental activities increased \$364,192 or 18.5 percent during 2012 and increased \$180,226 or 10 percent during 2011. The primary reasons contributing increase of cash balances in 2012 are the decrease in expenditures offset by an increase in operating grants & contributions. For 2011, the increase occurred due to increase in property tax receipts collected from the Fire Special Levy Fund.

Table 2 reflects the changes in net position on a cash basis in 2012, 2011 and for 2010 governmental activities.

**MONROE TOWNSHIP
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
UNAUDITED**

(Table 2)

Changes in Net Position

	Governmental Activities		
	2012	2011	2010
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$741,490	\$754,945	\$737,755
Operating Grants and Contributions	319,033	403,425	230,866
Capital Grants and Contributions			
Total Program Receipts	1,060,523	1,158,370	968,621
General Receipts:			
Property and Other Local Taxes	1,462,419	1,492,374	1,114,872
Grants and Entitlements Not Restricted to Specific Programs	165,422	89,666	115,923
Sale of Bonds	50,000	0	0
Interest	4,379	4,607	5,816
Miscellaneous	71,433	29,127	74,071
Total General Receipts	1,753,653	1,615,774	1,310,682
Total Receipts	2,814,176	2,774,144	2,279,303
Disbursements:			
General Government	203,708	246,231	207,008
Public Safety	1,750,870	1,698,422	1,603,152
Public Works	148,646	326,796	175,667
Health	46,261	44,374	41,336
Capital Outlay	251,431	246,268	57,832
Principal Retirement	38,303	21,143	31,714
Interest and Fiscal Charges	10,765	10,684	13,033
Total Disbursements	2,449,984	2,593,918	2,129,742
Increase (Decrease) in Net Assets	364,192	180,226	149,561
Net Assets, January 1,	1,965,629	1,785,403	1,635,842
Net Assets, December 31,	\$2,329,821	\$1,965,629	\$1,785,403

Program receipts represent only 38 percent for 2012 and 42 percent for 2011 of total receipts and are primarily comprised of Fire Contract and EMS charges for services and restricted intergovernmental receipts such as motor vehicle license and gas tax money,

**MONROE TOWNSHIP
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
UNAUDITED**

General receipts represent 62 percent for 2012 and 58 percent for 2011 of the Township's total receipts, and of this amount, over 83 percent are local taxes for 2012 and over 92 percent are local taxes for 2011. State and federal grants and entitlements make up the balance of the Township's general receipts (18 percent for 2012 and 14 percent for 2011). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities.

Governmental Activities

If you look at the Statement of Activities on page 12 and 19, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and capital projects for 2012 which account for 71 percent and 10 percent of all governmental disbursements respectively. For 2011, the major program disbursements for governmental activities are public Safety and public works, which account for 65 percent and 13 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 8 percent for 2012 and 9 percent for 2011. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
General Government	\$203,708	\$186,991	\$246,231	\$246,231	\$207,008	\$207,008
Public Safety	\$1,750,870	\$877,553	\$1,698,422	\$740,978	\$1,603,152	\$1,138,636
Public Works	148,646	55,208	326,796	232,756	175,667	79,386
Health	46,261	(23,335)	44,374	4,689	41,336	(9,917)
Other	0	(7,455)	0	(67,201)	0	(356,571)
Capital Outlay	251,431	251,431	246,268	246,268	57,832	57,832
Principal Retirement	38,303	38,303	21,143	21,143	31,714	31,714
Interest and Fiscal Charges	10,765	10,765	10,684	10,684	13,033	13,033
Total Expenses	\$2,449,984	\$1,389,461	\$2,593,918	\$1,435,548	\$2,129,742	\$1,161,121

The dependence upon property tax receipts is apparent as over 57 percent for 2012 and 55 percent for 2011 of governmental activities are supported through these general receipts.

**MONROE TOWNSHIP
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
UNAUDITED**

The Township's Funds

Total governmental funds had receipts of \$2,814,176 and \$2,774,144 and disbursements of \$2,449,984 and \$2,593,918 for 2012 and 2011 respectively. The greatest change within governmental funds occurred within the General Fund. From 2011, the 2012 fund balance of the General Fund increased \$91,078 as the result of increased estate tax receipts. From 2010, the 2011 fund balance of the General Fund decreased \$151,155 due to a decrease in estate tax receipts and increase in public work expenditures.

In 2011, General Fund receipts were less than disbursements by \$91,615 indicating that the General Fund was in a deficit spending situation. Some of these reductions have already been implemented for 2012 including reduction of public work expenditures.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2012 and 2011, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final budgeted disbursements for 2012 and 2011 were \$274,437 and \$472,457 respectively. Actual disbursements for 2012 and 2011 were \$232,762 and \$348,844 respectively. Although receipts failed to live up to expectations, appropriations were not reduced. The Township kept spending very close to budgeted amounts as demonstrated by the minor reported variances.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

Debt

At December 31, 2012, the Township's outstanding debt included \$220,352 in general obligation bonds issued for the purchase of a fire truck and other road equipment. At December 31, 2011, the Township's outstanding debt included \$208,654 in general obligation bonds issued for the purchase of a fire truck. For further information regarding the Township's debt, refer to Note 13 to the basic financial statements.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. We reviewed our sources of revenue and determined that increases were unlikely. We will monitor our expenditures to ensure that Township funds are used effectively.

**MONROE TOWNSHIP
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
UNAUDITED**

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Debra Farley, Fiscal Officer, 9444 Woodhaven Road, Johnstown, Ohio 43031.

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**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2012**

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash equivalents	<u>\$ 2,329,821</u>
<i>Total Assets</i>	<u><u>\$ 2,329,821</u></u>
Net Position	
Restricted for:	
Capital Projects	\$ 4,202
Permanent Fund Purpose:	
Expendable	3,629
Nonexpendable	5,000
Other Purposes	2,122,674
Unrestricted	<u>194,316</u>
<i>Total Net Position</i>	<u><u>\$ 2,329,821</u></u>

See accompanying notes to the basic financial statements

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
General Government	\$ 203,708	\$ -	\$ 16,717	\$ (186,991)
Public Safety	1,750,870	664,440	208,877	(877,553)
Public Works	148,647	-	93,439	(55,208)
Health	46,260	69,595	-	23,335
Other	-	7,455	-	7,455
Capital Outlay	251,431	-	-	(251,431)
Debt Service:				
Principal Retirement	38,303	-	-	(38,303)
Interest and Fiscal Charges	10,765	-	-	(10,765)
Total Governmental Activities	\$ 2,449,984	\$ 741,490	\$ 319,033	(1,389,461)
General Receipts:				
Property Taxes Levied for:				
				127,291
				63,185
				1,271,943
				165,422
				50,000
				4,379
				71,433
				<u>1,753,653</u>
				Change in Net Position 364,192
				<u>Net Position Beginning of Year 1,965,629</u>
				<u>Net Position End of Year \$ 2,329,821</u>

See accompanying notes to the basic financial statements

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	General	Fire Special Levy Fund	Fire & Rescue Ambulance EMS Services Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 194,316	\$ 1,600,254	\$ 229,858	\$ 305,393	\$ 2,329,821
<i>Total Assets</i>	<u>\$ 194,316</u>	<u>\$ 1,600,254</u>	<u>\$ 229,858</u>	<u>\$ 305,393</u>	<u>\$ 2,329,821</u>
Fund Balances					
Nonspendable	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
Restricted	-	1,600,254	229,858	300,393	2,130,505
Assigned	195,994	-	-	-	195,994
Unassigned (Deficit)	(1,678)	-	-	-	(1,678)
<i>Total Fund Balances</i>	<u>\$ 194,316</u>	<u>\$ 1,600,254</u>	<u>\$ 229,858</u>	<u>\$ 305,393</u>	<u>\$ 2,329,821</u>

See accompanying notes to the basic financial statements

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Fire Special Levy Fund	Fire & Rescue Ambulance EMS Services Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 127,291	\$ 1,271,943	\$ -	\$ 63,185	\$ 1,462,419
Charges for Services	-	274,658	387,801	-	662,459
Licenses, Permits and Fees	7,455	-	-	29,335	36,790
Fines and Forfeitures	-	-	-	-	-
Intergovernmental	182,139	186,170	3,710	112,437	484,456
Special Assessments	-	-	-	-	-
Earnings on Investments	4,244	-	-	135	4,379
Miscellaneous	211	71,128	-	42,333	113,672
<i>Total Receipts</i>	<u>321,340</u>	<u>1,803,899</u>	<u>391,511</u>	<u>247,425</u>	<u>2,764,175</u>
Disbursements					
Current:					
General Government	203,708	-	-	-	203,708
Public Safety	-	1,455,286	276,586	18,998	1,750,870
Public Works	15,557	-	-	133,089	148,646
Health	10,460	-	-	35,800	46,260
Capital Outlay	-	6,432	156,038	88,961	251,431
Debt Service:					
Principal Retirement	-	22,126	-	16,177	38,303
Interest and Fiscal Charges	-	9,702	-	1,063	10,765
<i>Total Disbursements</i>	<u>229,725</u>	<u>1,493,546</u>	<u>432,624</u>	<u>294,088</u>	<u>2,449,983</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>91,615</u>	<u>310,353</u>	<u>(41,113)</u>	<u>(46,663)</u>	<u>314,192</u>
Other Financing Sources (Uses)					
Sale of Bonds	-	-	-	50,000	50,000
Transfers In	-	466	-	71	537
Transfers Out	(537)	-	-	-	(537)
<i>Total Other Financing Sources (Uses)</i>	<u>(537)</u>	<u>466</u>	<u>-</u>	<u>50,071</u>	<u>50,000</u>
<i>Net Change in Fund Balances</i>	91,078	310,819	(41,113)	3,408	364,192
<i>Fund Balances Beginning of Year</i>	<u>103,238</u>	<u>1,289,435</u>	<u>270,971</u>	<u>301,985</u>	<u>1,965,629</u>
<i>Fund Balances End of Year</i>	<u>\$ 194,316</u>	<u>\$ 1,600,254</u>	<u>\$ 229,858</u>	<u>\$ 305,393</u>	<u>\$ 2,329,821</u>

See accompanying notes to the basic financial statements

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 143,944	\$ 148,863	\$ 127,291	\$ (21,572)
Charges for Services	-	-	-	-
Licenses, Permits and Fees	11,500	11,775	7,455	(4,320)
Fines and Forfeitures	-	-	-	-
Intergovernmental	38,310	169,272	182,139	12,867
Special Assessments	-	-	-	-
Earnings on Investments	5,000	5,000	4,244	(756)
Miscellaneous	8,000	8,000	211	(7,789)
<i>Total Receipts</i>	<u>206,754</u>	<u>342,910</u>	<u>321,340</u>	<u>(21,570)</u>
Disbursements				
Current:				
General Government	248,237	244,080	206,208	37,872
Public Safety	-	-	-	-
Public Works	132,037	17,037	15,557	1,480
Health	11,000	12,320	10,460	1,860
Human Services	-	-	-	-
Conservation-Recreation	-	-	-	-
Other	-	-	-	-
Capital Outlay	42,000	1,000	-	1,000
<i>Total Disbursements</i>	<u>433,274</u>	<u>274,437</u>	<u>232,225</u>	<u>42,212</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(226,520)</u>	<u>68,473</u>	<u>89,115</u>	<u>20,642</u>
Other Financing Sources (Uses)				
Transfers Out	-	(537)	(537)	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(537)</u>	<u>(537)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(226,520)	67,936	88,578	20,642
<i>Unencumbered Fund Balance Beginning of Year</i>	101,496	101,496	101,496	-
<i>Prior Year Encumbrances Appropriated</i>	1,742	1,742	1,742	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ (123,282)</u>	<u>\$ 171,174</u>	<u>\$ 191,816</u>	<u>\$ 20,642</u>

See accompanying notes to the basic financial statements

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE SPECIAL LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 1,449,444	\$ 1,468,153	\$ 1,271,943	\$ (196,210)
Charges for Services	463,858	338,623	274,658	(63,965)
Licenses, Permits and Fees	-	-	-	-
Fines and Forfeitures	-	-	-	-
Intergovernmental	30,000	60,000	186,170	126,170
Special Assessments	-	-	-	-
Earnings on Investments	1,000	1,000	-	(1,000)
Miscellaneous	18,000	73,256	71,128	(2,128)
<i>Total Receipts</i>	<u>1,962,302</u>	<u>1,941,032</u>	<u>1,803,899</u>	<u>(137,133)</u>
Disbursements				
Current:				
Public Safety	2,295,944	2,451,194	1,489,876	961,318
Capital Outlay	432,000	667,600	6,432	661,168
Debt Service:				
Principal Retirement	22,106	22,126	22,126	-
Interest and Fiscal Charges	9,702	9,702	9,702	-
<i>Total Disbursements</i>	<u>2,759,752</u>	<u>3,150,622</u>	<u>1,528,136</u>	<u>1,622,486</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(797,450)</u>	<u>(1,209,590)</u>	<u>275,763</u>	<u>1,485,353</u>
Other Financing Sources (Uses)				
Transfers In	-	-	466	466
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>466</u>	<u>466</u>
<i>Net Change in Fund Balance</i>	(797,450)	(1,209,590)	276,229	1,485,819
<i>Unencumbered Fund Balance Beginning of Year</i>	1,278,232	1,278,232	1,278,232	-
Prior Year Encumbrances Appropriated	11,252	11,252	11,252	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 492,034</u>	<u>\$ 79,894</u>	<u>\$ 1,565,713</u>	<u>\$ 1,485,819</u>

See accompanying notes to the basic financial statements

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE & RESCUE AMBULANCE EMS SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Receipts				
Charges for Services	\$ 390,000	\$ 389,781	\$ 387,801	\$ (1,980)
Intergovernmental	-	3,710	3,710	-
<i>Total Receipts</i>	<u>390,000</u>	<u>393,491</u>	<u>391,511</u>	<u>(1,980)</u>
Disbursements				
Current:				
Public Safety	365,172	499,672	276,586	223,086
Capital Outlay	415,175	285,175	284,990	185
<i>Total Disbursements</i>	<u>780,347</u>	<u>784,847</u>	<u>561,576</u>	<u>223,271</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(390,347)</u>	<u>(391,356)</u>	<u>(170,065)</u>	<u>221,291</u>
<i>Net Change in Fund Balance</i>	(390,347)	(391,356)	(170,065)	221,291
<i>Unencumbered Fund Balance Beginning of Year</i>	121,624	121,624	121,624	-
Prior Year Encumbrances Appropriated	<u>149,347</u>	<u>149,347</u>	<u>149,347</u>	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ (119,376)</u>	<u>\$ (120,385)</u>	<u>\$ 100,906</u>	<u>\$ 221,291</u>

See accompanying notes to the basic financial statements

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2011**

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash equivalents	\$ 1,965,629
<i>Total Assets</i>	<u>\$ 1,965,629</u>
Net Position	
Restricted for:	
Capital Projects	\$ 4,185
Permanent Fund Purpose:	
Expendable	3,494
Nonexpendable	5,000
Other Purposes	1,849,712
Unrestricted	<u>103,238</u>
<i>Total Net Position</i>	<u>\$ 1,965,629</u>

See accompanying notes to the basic financial statements

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
General Government	\$ 246,231	\$ -	\$ -	\$ (246,231)
Public Safety	1,698,422	704,489	252,955	(740,978)
Public Works	326,796	-	94,040	(232,756)
Health	44,374	39,685	-	(4,689)
Other	-	10,771	56,430	67,201
Capital Outlay	246,268	-	-	(246,268)
Debt Service:				
Principal Retirement	21,143	-	-	(21,143)
Interest and Fiscal Charges	10,684	-	-	(10,684)
Total Governmental Activities	\$ 2,593,918	\$ 754,945	\$ 403,425	(1,435,548)
General Receipts:				
Property Taxes Levied for:				
				143,498
				67,017
				1,281,859
				89,666
				4,607
				29,127
				<u>1,615,774</u>
				Change in Net Position 180,226
				<u>Net Position Beginning of Year 1,785,403</u>
				<u>Net Position End of Year \$ 1,965,629</u>

See accompanying notes to the basic financial statements

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	General	Fire Special Levy Fund	Fire & Rescue Ambulance EMS Services Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 103,238	\$ 1,289,435	\$ 270,971	\$ 301,985	\$ 1,965,629
<i>Total Assets</i>	<u>\$ 103,238</u>	<u>\$ 1,289,435</u>	<u>\$ 270,971</u>	<u>\$ 301,985</u>	<u>\$ 1,965,629</u>
Fund Balances					
Nonspendable	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
Restricted		1,289,435	270,971	296,985	1,857,391
Committed					-
Assigned	226,520				226,520
Unassigned (Deficit)	<u>(123,282)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(123,282)</u>
<i>Total Fund Balances</i>	<u>\$ 103,238</u>	<u>\$ 1,289,435</u>	<u>\$ 270,971</u>	<u>\$ 301,985</u>	<u>\$ 1,965,629</u>

See accompanying notes to the basic financial statements

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Fire Special Levy Fund	Fire & Rescue Ambulance EMS Services Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 143,498	\$ 1,281,859	\$ -	\$ 67,017	\$ 1,492,374
Charges for Services	-	338,623	365,866	-	704,489
Licenses, Permits and Fees	10,770	-	-	16,365	27,135
Intergovernmental	37,045	252,877	-	203,169	493,091
Earnings on Investments	4,365	-	-	242	4,607
Miscellaneous	264	5,863	-	23,321	29,448
<i>Total Receipts</i>	<u>195,942</u>	<u>1,879,222</u>	<u>365,866</u>	<u>310,114</u>	<u>2,751,144</u>
Disbursements					
Current:					
General Government	193,611	-	-	52,620	246,231
Public Safety	-	1,382,165	274,098	42,160	1,698,423
Public Works	127,900	-	-	198,895	326,795
Health	10,276	-	-	34,098	44,374
Capital Outlay	14,868	119,130	109,470	2,800	246,268
Debt Service:					
Principal Retirement	-	21,143	-	-	21,143
Interest and Fiscal Charges	-	10,684	-	-	10,684
<i>Total Disbursements</i>	<u>346,655</u>	<u>1,533,122</u>	<u>383,568</u>	<u>330,573</u>	<u>2,593,918</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(150,713)</u>	<u>346,100</u>	<u>(17,702)</u>	<u>(20,459)</u>	<u>157,226</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	-	-	-	23,000	23,000
Transfers In	-	365	-	77	442
Transfers Out	(442)	-	-	-	(442)
<i>Total Other Financing Sources (Uses)</i>	<u>(442)</u>	<u>365</u>	<u>-</u>	<u>23,077</u>	<u>23,000</u>
<i>Net Change in Fund Balances</i>	(151,155)	346,465	(17,702)	2,618	180,226
<i>Fund Balances Beginning of Year</i>	<u>254,393</u>	<u>942,970</u>	<u>288,673</u>	<u>299,367</u>	<u>1,785,403</u>
<i>Fund Balances End of Year</i>	<u>\$ 103,238</u>	<u>\$ 1,289,435</u>	<u>\$ 270,971</u>	<u>\$ 301,985</u>	<u>\$ 1,965,629</u>

See accompanying notes to the basic financial statements

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 139,000	\$ 146,070	\$ 143,498	\$ (2,572)
Licenses, Permits and Fees	9,000	11,070	10,770	(300)
Intergovernmental	58,035	59,667	37,045	(22,622)
Earnings on Investments	8,000	8,000	4,365	(3,635)
Miscellaneous	10,000	10,000	264	(9,736)
<i>Total Receipts</i>	<u>224,035</u>	<u>234,807</u>	<u>195,942</u>	<u>(38,865)</u>
Disbursements				
Current:				
General Government	247,465	252,015	195,320	56,695
Public Works	132,000	132,000	127,938	4,062
Health	11,000	16,138	10,276	5,862
Capital Outlay	42,000	31,862	14,868	16,994
<i>Total Disbursements</i>	<u>432,465</u>	<u>432,015</u>	<u>348,402</u>	<u>83,613</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(208,430)</u>	<u>(197,208)</u>	<u>(152,460)</u>	<u>44,748</u>
Other Financing Sources (Uses)				
Transfers Out	-	(442)	(442)	-
Other Financing Uses	(40,000)	(40,000)	-	40,000
<i>Total Other Financing Sources (Uses)</i>	<u>(40,000)</u>	<u>(40,442)</u>	<u>(442)</u>	<u>40,000</u>
<i>Net Change in Fund Balance</i>	(248,430)	(237,650)	(152,902)	84,748
<i>Unencumbered Fund Balance Beginning of Year</i>	251,810	251,810	251,810	-
Prior Year Encumbrances Appropriated	2,587	2,587	2,587	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 5,967</u>	<u>\$ 16,747</u>	<u>\$ 101,495</u>	<u>\$ 84,748</u>

See accompanying notes to the basic financial statements

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE SPECIAL LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 935,000	\$ 1,473,643	\$ 1,281,859	\$ (191,784)
Charges for Services	326,000	338,623	338,623	-
Intergovernmental	110,000	166,509	252,877	86,368
Earnings on Investments	2,000	2,000	-	(2,000)
Miscellaneous	23,000	23,000	5,863	(17,137)
<i>Total Receipts</i>	<u>1,396,000</u>	<u>2,003,775</u>	<u>1,879,222</u>	<u>(124,553)</u>
Disbursements				
Current:				
Public Safety	2,315,764	2,352,234	1,425,308	926,926
Capital Outlay	439,720	483,720	119,130	364,590
<i>Total Disbursements</i>	<u>2,755,484</u>	<u>2,835,954</u>	<u>1,544,438</u>	<u>1,291,516</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,359,484)</u>	<u>(832,179)</u>	<u>334,784</u>	<u>1,166,963</u>
Other Financing Sources (Uses)				
Transfers In	-	-	365	365
Other Financing Uses	(100,000)	(19,530)	-	19,530
<i>Total Other Financing Sources (Uses)</i>	<u>(100,000)</u>	<u>(19,530)</u>	<u>365</u>	<u>19,895</u>
<i>Net Change in Fund Balance</i>	(1,459,484)	(851,709)	335,149	1,186,858
<i>Unencumbered Fund Balance Beginning of Year</i>	921,128	921,128	921,128	-
Prior Year Encumbrances Appropriated	21,906	21,906	21,906	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ (516,450)</u>	<u>\$ 91,325</u>	<u>\$ 1,278,183</u>	<u>\$ 1,186,858</u>

See accompanying notes to the basic financial statements

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE & RESCUE AMBULANCE EMS SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Charges for Services	\$ 330,000	\$ 365,866	\$ 365,866	\$ -
<i>Total Receipts</i>	<u>330,000</u>	<u>365,866</u>	<u>365,866</u>	<u>-</u>
Disbursements				
Current:				
Public Safety	365,000	368,000	274,270	93,730
Capital Outlay	266,000	263,000	258,645	4,355
<i>Total Disbursements</i>	<u>631,000</u>	<u>631,000</u>	<u>532,915</u>	<u>98,085</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(301,000)</u>	<u>(265,134)</u>	<u>(167,049)</u>	<u>98,085</u>
<i>Net Change in Fund Balance</i>	(301,000)	(265,134)	(167,049)	98,085
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>288,673</u>	<u>288,673</u>	<u>288,673</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ (12,327)</u>	<u>\$ 23,539</u>	<u>\$ 121,624</u>	<u>\$ 98,085</u>

See accompanying notes to the basic financial statements

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011**

Note 1 – Reporting Entity

Monroe Township, Licking County, Ohio (the Township), is a body politic and corporate 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance and fire protection. Police protection is provided by Licking County Sheriff's office.

Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board; and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township.

Monroe Township has no component units.

Public Entity Risk Pools

The Township participates in a public entity risk pools. Note 7 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pool:
Ohio Township Association Risk Management Authority (OTARMA)

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Township has no business type activities.

The statement of net position presents the cash and cash equivalents of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements - During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting - The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds - The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Township's major governmental funds:

General- 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.

Fire Special Levy Fund - The Fire Special Levy fund collects property tax revenues and charges for services to provide fire protection to the Township and other residents.

Fire & Rescue Ambulance EMS Service Fund - The Fire & Rescue Ambulance EMS Levy fund collects Charges for Services for ambulance and EMS services.

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

The other governmental funds of the Township account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Basis of Accounting - The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process - All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Cash and Cash Equivalents

Township records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts, respectively.

During 2012, the Township invested in nonnegotiable certificates of deposit and STAR Ohio. The nonnegotiable certificates of deposit is reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2012.

Interest earnings are allocated to Township funds according to State statutes or grant requirements. Interest receipts credited to the General Fund during 2012 and 2011 was \$3,707 and \$3,923 respectively after accounting for a transfer of interest receipts to special revenue funds in the amount of \$537 and \$442 respectively. These amounts include \$3,398 for 2012 and \$3,707 from 2011 that was assigned from other Township funds.

Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for Fire and Ambulatory services. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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 The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

Note 3 – Change in Accounting Principle and Restatement of Net Position/Fund Equity

For 2011, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on fund balances of the major governmental funds and all other governmental funds as previously reported.

For 2012, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" and Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.*"

GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretation, Accounting Principles Board Opinions and Accounting Research Bulletins of the

American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements. This change was incorporated in the Township's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Township's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, Fire Special Levy fund and Fire & Rescue Ambulance EMS Service Fund prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). For 2012, the encumbrances outstanding at year end (budgetary basis) amounted to \$2,500 for the general fund and \$34,541 for Fire Special levy Fund, and \$128,952 for the Fire and Rescue, Ambulance and EMS Services Fund. For 2011, the encumbrances outstanding at year end (budgetary basis) amounted to \$1,743 for the General Fund and \$11,292 for Fire Special levy fund, and \$149,347 for the Fire and Rescue, Ambulance and EMS Services Fund.

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 5 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 5 – Deposits and Investments (Continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end 2012, \$1,451,482 of the Township's bank balance of \$1,701,482 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. At year end 2011, \$1,110,225 of the Township's bank balance of \$1,360,225 as exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2012, the Township had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Certificate of Deposit	8,192	03/27/13
STAR Ohio	674,166	no maturity date
Total Portfolio	<u>\$682,358</u>	

As of December 31, 2011, the Township had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Certificate of Deposit	8,151	03/27/12
STAR Ohio	674,199	no maturity date
Total Portfolio	<u>\$682,350</u>	

Note 6 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2012 and 2011 for real and public utility property taxes represents collections of 2011 and 2010 taxes respectively.

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 6 – Property Taxes (Continued)

2012 real property taxes are levied after October 1, 2012 on the assessed values as of January 1, 2012, the lien date. 2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013 and 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2012 public utility property taxes which became a lien December 31, 2011 are levied after October 1, 2012, and are collected in 2013 with real property taxes. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2012, was \$7.70 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2012 property tax receipts were based are as follows:

Real Property	\$3,620,355,740
Public Utility Personal Property	<u>143,979,579</u>
Total	<u><u>\$3,764,335,319</u></u>

The full tax rate for all Township operations for the year ended December 31, 2011, was \$7.70 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 property tax receipts were based are as follows:

Real Property	\$3,598,090,910
Public Utility Personal Property	<u>139,321,620</u>
Total	<u><u>\$3,737,412,530</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 7 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool.

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 7 – Risk Management (Continued)

Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2012, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available):

	<u>2012</u>	<u>2011</u>
Assets	\$34,771,270	\$35,086,165
Liabilities	(9,355,082)	(9,718,792)
Net Position	<u>\$25,416,188</u>	<u>\$25,367,373</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.1 million of estimated incurred claims payable. The assets above also include approximately \$7.9 and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Township's share of these unpaid claims collectible in future years is approximately \$16,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2012</u>	<u>2011</u>
\$33,430	\$27,347

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 7 – Risk Management (Continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description – The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <http://www.opers.org/investments/cafr.shtml> , by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contributions rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exists only within the Traditional Pension Plan.

The 2012 and 2011 member contribution rates were 10.0% of covered payroll for members in state and local classifications. For 2012, Public Safety and law enforcement members contributed 11.50% and 12.10% respectively. For 2011, Public Safety and law enforcement members contributed 11.0% and 11.6%. Effective January 1, 2013, the member contributions rates for public safety and law enforcement members increased to 12.00% and 12.60%. For 2011 member contributions rates were 10.0%

The 2012 and 2011 employer contribution rate for state and local employers was 14.00% of covered payroll. The law enforcement and public safety employer contributions rate was 18.10% of covered payroll.

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$21,790, \$22,142, and \$24,057, respectively; 100 percent has been contributed for 2012, 2011 and 2010.

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 8 – Defined Benefit Pension Plan (Continued)

Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The Township's contributions to OP&F for firefighters pension were \$220,279 for the year ended December 31, 2012, \$198,655 for the year ended December 31, 2011, and \$194,949 for the year ended December 31, 2010, respectively. For 2012, 100 percent for firefighters has been contributed. The full amount has been contributed for 2011 and 2010.

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <http://www.opers.org/investments/cafr.shtml> writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 9 - Postemployment Benefits (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012 and 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contributions rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2012 and 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012 and 2011. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$9,416, \$9,569, and \$9,021, respectively; 100 percent for 2012, 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 9 - Postemployment Benefits (Continued)

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contributions may not exceed 19.5% of covered payroll for police employer units and 24.00% of covered payroll for fire and employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012 and 2011, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions to OP&F which were allocated to fund post-employment health care benefits for firefighters were \$82,604 for the year ended December 31, 2012, \$74,496 for the year ended December 31, 2011, and \$50,768 for the year ended December 31, 2010. The full amount has been contributed for 2012, 2011 and 2010.

Note 10 – Debt

The Township's long-term debt activity for the year ended December 31, 2012, was as follows:

	Outstanding 12/31/11	Additions	Deletions	Outstanding 12/31/12	Due in One Year
Bond: Fire Truck	\$208,654	\$0	\$22,126	\$186,528	\$23,155
Bond: Ford F550	\$0	\$50,000	\$16,177	\$33,823	\$16,662
	<u>\$208,654</u>	<u>\$50,000</u>	<u>\$38,303</u>	<u>\$220,351</u>	<u>\$39,817</u>

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 10 – Debt (Continued)

The Township's long-term debt activity for the year ended December 31, 2011, was as follows:

	Outstanding 12/31/10	Additions	Deletions	Outstanding 12/31/11	Due in One Year
Bond: Fire Truck	\$229,797	\$0	\$21,143	\$208,654	\$22,126

In 2009, a general obligation note in the amount of \$250,000 from Heartland Bank was used to purchase a fire truck for fire services. Payments are made annually with 4.65% interest. The note is collateralized by the fire truck.

In 2012, a general obligation note in the amount of \$50,000 from the Heartland Bank was used to purchase a 2012 Ford F-550 and related equipment for the Road & Bridge Fund. Payments are made annually with 3.0% interest. The note is collateralized by the truck and equipment.

The following is a summary of the Township's future annual debt service requirements:

Year	General Obligation Bonds	
	Principal	Interest
2013	\$39,817	\$9,688
2014	41,393	8,112
2015	25,358	5,290
2016	26,537	4,056
2017	27,771	2,765
2018-2019	59,476	1,414
Total	<u>\$220,352</u>	<u>\$31,325</u>

Note 11 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below for 2012:

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 11 – Fund Balances (Continued)

Fund Balances	General	Fire Special Levy Fund	Fire & Rescue Ambulance EMS Services Fund	Other Governmental Funds	Total
Nonspendable					
Trust	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
<i>Total Nonspendable</i>	-	-	-	5,000	5,000
Restricted for					
Road and Bridge	-	-	-	195,713	195,713
Cemetery	-	-	-	69,264	69,264
Fire & Ambulatory Services	-	1,600,254	229,858	31,214	1,861,326
Capital Prjects	-	-	-	4,202	4,202
<i>Total Restricted</i>	-	1,600,254	229,858	300,393	2,130,505
Assigned to					
2013 appropriations	195,994	-	-	-	195,994
<i>Total Assigned</i>	195,994	-	-	-	195,994
Unassigned (Deficit)					
	(1,678)				(1,678)
<i>Total Fund Balances</i>	<u>\$ 194,316</u>	<u>\$ 1,600,254</u>	<u>\$ 229,858</u>	<u>\$ 305,393</u>	<u>\$ 2,329,821</u>

**MONROE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 11 – Fund Balances (Continued)

Amounts for December 31, 2011 are as follows:

Fund Balances	General	Fire Special Levy Fund	Fire & Rescue Ambulance EMS Services Fund	Other Governmental Funds	Total
Nonspendable					
Trust	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
<i>Total Nonspendable</i>	-	-	-	5,000	5,000
Restricted for					
Road and Bridge	-	-	-	225,282	225,282
Cemetery	-	-	-	36,304	36,304
Fire & Ambulatory Services	-	1,289,435	270,971	31,214	1,591,620
Capital Prjects	-	-	-	4,185	4,185
<i>Total Restricted</i>	-	1,289,435	270,971	296,985	1,857,391
Assigned to					
2012 Appropriations	226,520	-	-	-	226,520
<i>Total Assigned</i>	226,520	-	-	-	226,520
Unassigned (Deficit)					
	(123,282)				(123,282)
<i>Total Fund Balances</i>	<u>\$ 103,238</u>	<u>\$ 1,289,435</u>	<u>\$ 270,971</u>	<u>\$ 301,985</u>	<u>\$ 1,965,629</u>

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

Monroe Township
Licking County
9444 Woodhaven Road
Johnstown, Ohio 43031

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Township, Licking County, Ohio, (the Township) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 4, 2013, wherein we noted that the Township uses a special purpose framework other than generally accepted accounting principles. We also noted during 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider finding 2012-01 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts.

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However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

September 4, 2013

**MONROE TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding 2012-001

Financial Statement Adjustments- Material Weakness

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following adjustments were posted to the financial statements and, where applicable, the accounting records for the year ended December 31, 2012:

- To reclassify \$3,629 of interest earned on the permanent fund as expendable monies.
- To record \$50,000 of bond proceeds and capital outlay expenditures with the Road & Bridge Special Revenue funds.
- To reclassify \$183,889 of rollback monies improperly recorded as property taxes as intergovernmental receipts within the Fire Special Levy Fund.
- To reclassify \$49,068 of expenditures to be shown on the financial statements as principal and interest payments in the amounts of \$38,303 and \$10,765 respectively.

The following adjustments were posted to the financial statements and, where applicable, the accounting records for the year ended December 31, 2011:

- To reclassify \$3,494 of interest earned on the permanent fund as expendable monies.
- To reclassify \$168,636 of rollback monies improperly recorded as property taxes as intergovernmental receipts within the Fire Special Levy Fund.
- To reclassify \$31,827 of expenditures to be shown on the financial statements as principal and interest payments in the amounts of \$21,143 and \$10,684 respectively.

A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements.

We recommend the Township's Fiscal Officer take steps to ensure the accurate posting of all transactions to the ledgers. Cash receipts and disbursements should be posted in accordance with procedures and posting guidelines established in the Uniform Accounting Network line item descriptions and AOS Bulletins. By exercising accuracy in recording financial activity, the Township can reduce posting errors and increase the reliability of the financial data throughout the year.

Official's Response:

We understand the adjustments presented above and will be alert for these items in the future.

MONROE TOWNSHIP
LICKING COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-01	Posting of Budgeted Amounts	Yes	



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MONROE TOWNSHIP

LICKING 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
NOVEMBER 7, 2013**