



**MONROE TOWNSHIP  
KNOX COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



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

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**STATE OF OHIO**



**MONROE TOWNSHIP  
KNOX COUNTY**

**TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2000 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1999 .....	4
Notes to the Financial Statements .....	5
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Board of Trustees  
Monroe Township  
Knox County  
15931 Wooster Rd.  
Mount Vernon, Ohio 43050

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Knox County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Monroe Township, Knox County, Ohio, as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

**JIM PETRO**  
Auditor of State

May 30, 2001

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**MONROE TOWNSHIP  
KNOX COUNTY**

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

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$15,857	\$88,352	\$46,300	\$0	\$150,509
Intergovernmental	89,792	85,535	0	0	175,327
Licenses, Permits, and Fees	7,402	2,400	0	0	9,802
Earnings on Investments	8,922	1,345	0	199	10,466
Other	2,466	6,049	0	0	8,515
<b>Total Cash Receipts</b>	<u>124,439</u>	<u>183,681</u>	<u>46,300</u>	<u>199</u>	<u>354,619</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	79,482	0	0	0	79,482
Public Safety	0	40,012	0	0	40,012
Public Works	10,991	150,099	0	0	161,090
Health	0	1,692	0	0	1,692
Redemption of Principal	0	0	36,704	0	36,704
Interest and Fiscal Charges	0	0	10,098	0	10,098
Capital Outlay	4,053	0	0	0	4,053
<b>Total Cash Disbursements</b>	<u>94,526</u>	<u>191,803</u>	<u>46,802</u>	<u>0</u>	<u>333,131</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>29,913</u>	<u>(8,122)</u>	<u>(502)</u>	<u>199</u>	<u>21,488</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In	0	0	0	10,000	10,000
Transfers-Out	(10,000)	0	0	0	(10,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(10,000)</u>	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>19,913</u>	<u>(8,122)</u>	<u>(502)</u>	<u>10,199</u>	<u>21,488</u>
<b>Fund Cash Balances, January 1, 2000</b>	<u>107,993</u>	<u>87,488</u>	<u>24,703</u>	<u>604</u>	<u>220,788</u>
<b>Fund Cash Balances, December 31, 2000</b>	<u><b>\$127,906</b></u>	<u><b>\$79,366</b></u>	<u><b>\$24,201</b></u>	<u><b>\$10,803</b></u>	<u><b>\$242,276</b></u>

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

**MONROE TOWNSHIP  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$10,779	\$79,406	\$38,840	\$0	\$129,025
Intergovernmental	69,588	83,304	0	0	152,892
Licenses, Permits, and Fees	2,608	1,900	0	0	4,508
Earnings on Investments	7,847	1,295	0	22	9,164
Other	43	4,526	0	0	4,569
Total Cash Receipts	<u>90,865</u>	<u>170,431</u>	<u>38,840</u>	<u>22</u>	<u>300,158</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	65,294	0	0	0	65,294
Public Safety	0	25,506	0	0	25,506
Public Works	0	154,250	0	0	154,250
Health	0	625	0	0	625
Redemption of Principal	0	0	20,829	0	20,829
Interest and Fiscal Charges	0	0	4,988	0	4,988
Capital Outlay	5,769	162,261	0	0	168,030
Total Cash Disbursements	<u>71,063</u>	<u>342,642</u>	<u>25,817</u>	<u>0</u>	<u>439,522</u>
Total Receipts Over/(Under) Disbursements	<u>19,802</u>	<u>(172,211)</u>	<u>13,023</u>	<u>22</u>	<u>(139,364)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Sale of Notes	0	127,000	0	0	127,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>19,802</u>	<u>(45,211)</u>	<u>13,023</u>	<u>22</u>	<u>(12,364)</u>
Fund Cash Balances, January 1, 1999	<u>88,191</u>	<u>132,699</u>	<u>11,680</u>	<u>582</u>	<u>233,152</u>
<b>Fund Cash Balances, December 31, 1999</b>	<b><u>\$107,993</u></b>	<b><u>\$87,488</u></b>	<b><u>\$24,703</u></b>	<b><u>\$604</u></b>	<b><u>\$220,788</u></b>

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



**MONROE TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND DECEMBER 31, 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Monroe Township, Knox County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, and cemetery maintenance. The Township contracts with College Township to provide fire protection and emergency medical service.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investment**

Certificates of deposit are valued at cost. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

**MONROE TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND DECEMBER 31, 1999  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Fund (Continued)**

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

Fire District Fund - This fund receives money for the purchase of fire equipment, maintenance of the fire house, and payments on the contract with College Township to provide fire and emergency medical service to the Township.

**3. Debt Service Fund**

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township has the following significant Debt Service Fund:

General Bond (Note) Retirement - This fund receives tax money to retire notes obtained for the fire station and Township Hall.

**4. Capital Projects Fund**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds. The Township had the following significant Capital Project Fund:

Capital Equipment Fund - This fund is used to set aside money for capital equipment purchases.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**MONROE TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND DECEMBER 31, 1999  
(Continued)**

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

**E. Budgetary Process (continued)**

**3. Encumbrances**

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**2. EQUITY IN POOLED CASH**

The Township maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amounts of cash and investments at December 31, 2000 and December 31, 1999 were as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 203,625	\$ 212,542
Certificates of deposit	<u>38,651</u>	<u>8,246</u>
Total	\$ <u>242,276</u>	\$ <u>220,788</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

<b>2000 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$74,604	\$124,439	\$49,835
Special Revenue	173,358	183,681	10,323
Debt Service	46,300	46,300	0
Capital Projects	<u>0</u>	<u>10,199</u>	<u>10,199</u>
Total	<u>\$294,262</u>	<u>\$364,619</u>	<u>\$70,357</u>

**MONROE TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND DECEMBER 31, 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2000 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$182,096	\$104,526	\$77,570
Special Revenue	260,751	191,803	68,948
Debt Service	71,004	46,802	24,202
Capital Projects	<u>10,602</u>	<u>0</u>	<u>10,602</u>
Total	<u>\$524,453</u>	<u>\$343,131</u>	<u>\$181,322</u>

<b>1999 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$69,243	\$90,865	\$21,622
Special Revenue	299,348	170,431	(128,917)
Debt Service	28,440	38,840	10,400
Capital Projects	<u>0</u>	<u>22</u>	<u>22</u>
Total	<u>\$397,031</u>	<u>\$300,158</u>	<u>(\$96,873)</u>

<b>1999 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$157,434	\$71,063	\$86,371
Special Revenue	431,047	342,642	88,405
Debt Service	40,120	25,817	14,303
Capital Projects	<u>10,582</u>	<u>0</u>	<u>10,582</u>
Total	<u>\$639,183</u>	<u>\$439,522</u>	<u>\$199,661</u>

**4. PROPERTY TAX**

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**MONROE TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND DECEMBER 31, 1999  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire House	\$ 10,000	6%
Dump Truck	5,400	6.16%
Storage Building	21,714	5.30 %
Fire Equipment	111,125	5.06%

The notes were used to finance various township projects as designated above.

Amortization of the above debt, including interest is as follows.

For Year Ending	Fire House	Dump Truck	Fire Equipment	Storage Building
2001	\$ 10,490	\$ 5,733	\$ 21,498	\$ 6,292
2002	0	0	20,695	6,004
2003	0	0	19,891	5,716
2004	0	0	19,088	5,429
2005	0	0	18,285	0
2006	0	0	17,482	0
2007	0	0	16,678	0
<b>Total</b>	<b>\$ <u>10,490</u></b>	<b>\$ <u>5,733</u></b>	<b>\$ <u>133,617</u></b>	<b>\$ <u>23,441</u></b>

**6. RETIREMENT SYSTEM**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. In 1999, the Township contributed an amount equal to 13.55% of participants' gross salaries. In 2000, the average employers' contribution rate was 10.84% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**MONROE TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND DECEMBER 31, 1999  
(Continued)**

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and Omissions



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Board of Trustees  
Monroe Township  
Knox County  
15931 Wooster Rd  
Mount Vernon, Ohio 43050

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Knox County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated May 30, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 30, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 30, 2001.

Monroe Township  
Knox County  
Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**JIM PETRO**  
Auditor of State

May 30, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

**MONROE TOWNSHIP**

**KNOX COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 10, 2001**