



**Auditor of State
Betty Montgomery**

**MONDAY CREEK TOWNSHIP
PERRY COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Monday Creek Township
Perry County
5845 Township Road 430
Logan, Ohio 43138

To the Board of Trustees:

We have audited the accompanying financial statements of Monday Creek Township, Perry County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Monday Creek Township, Perry County, as of December 31, 2002 and 2001, 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 20, 2003 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Monday Creek Township
Perry County
Independent Accountants' Report
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 20, 2003

**MONDAY CREEK TOWNSHIP
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Fund</u>	
Cash Receipts:				
Local Taxes	\$ 8,934	\$ 3,064	\$	\$ 11,998
Intergovernmental	26,813	262,316		289,129
Earnings on Investments	804	2,003	102	2,909
Other Revenue	860	106		966
	<u>37,411</u>	<u>267,489</u>	<u>102</u>	<u>305,002</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	18,420	253		18,673
Public Safety		202,957		202,957
Public Works	60	51,797		51,857
Other		5,154		5,154
Purchased Services			485	485
Debt Service:				
Redemption of Principal		2,391		2,391
Interest and Fiscal Charges		447		447
	<u>18,480</u>	<u>262,999</u>	<u>485</u>	<u>281,964</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>18,931</u>	<u>4,490</u>	<u>(383)</u>	<u>23,038</u>
Other Financing Receipts/(Disbursements):				
Other Sources	94			94
Total Other Financing Receipts/(Disbursements)	<u>94</u>	<u>0</u>	<u>0</u>	<u>94</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	19,025	4,490	(383)	23,132
Fund Cash Balances, January 1	<u>7,858</u>	<u>47,752</u>	<u>4,208</u>	<u>59,818</u>
Fund Cash Balances, December 31	<u>\$ 26,883</u>	<u>\$ 52,242</u>	<u>\$ 3,825</u>	<u>\$ 82,950</u>
Reserve for Encumbrances, December 31	<u>\$ 1,675</u>	<u>\$ 5,605</u>	<u>\$ 15</u>	<u>\$ 7,295</u>

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

**MONDAY CREEK TOWNSHIP
PERRY COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Fund</u>	
Cash Receipts:				
Local Taxes	\$ 9,730	\$ 3,373	\$	\$ 13,103
Intergovernmental	8,058	71,344		79,402
Special Assessments		147		147
Earnings on Investments	1,143	1,966	44	3,153
Other Revenue	340	413		753
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	19,271	77,243	44	96,558
Cash Disbursements:				
Current:				
General Government	25,781			25,781
Public Safety		11,987		11,987
Public Works	60	45,373		45,433
Purchased Services	30			30
Other		6,922		6,922
Debt Service:				
Redemption of Principal		2,241		2,241
Interest and Fiscal Charges		596		596
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	25,871	67,119	0	92,990
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(6,600)	10,124	44	3,568
Other Financing Receipts/(Disbursements):				
Other Sources	1,261			1,261
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	1,261	0	0	1,261
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(5,339)	10,124	44	4,829
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	13,197	37,628	4,164	54,989
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 7,858	\$ 47,752	\$ 4,208	\$ 59,818
Reserve for Encumbrances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 142	\$ 4,063	\$ 0	\$ 4,205

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

**MONDAY CREEK TOWNSHIP
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Monday Creek Township, Perry County (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides services that include road and bridge maintenance and fire protection.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

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 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 for constructing, maintaining and repairing Township roads.

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax for constructing, maintaining, and repairing Township roads.

**MONDAY CREEK TOWNSHIP
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire Fund - This fund receives property tax money to provide fire protection services.

3. Fiduciary Fund (Trust Fund)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. The Township had the following Fiduciary Fund:

Harmony Cemetery Bequest Fund - This Nonexpendable Trust Fund receives interest from gifts to be used for cemetery maintenance.

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 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 unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2002 and 2001 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.

**MONDAY CREEK TOWNSHIP
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	\$ 79,740	\$ 59,818
Certificate of deposit	3,210	
Total deposits and investments	\$ 82,950	\$ 59,818

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 17,535	\$ 37,505	\$ 19,970
Special Revenue	264,330	267,489	3,159
Nonexpendable Trust	50	102	52
Total	\$ 281,915	\$ 305,096	\$ 23,181

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 26,145	\$ 20,155	\$ 5,990
Special Revenue	315,635	268,604	47,031
Nonexpendable Trust	1,000	500	500
Total	\$ 342,780	\$ 289,259	\$ 53,521

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 22,046	\$ 20,532	\$ (1,514)
Special Revenue	66,361	77,243	10,882
Nonexpendable Trust	100	44	(56)
Total	\$ 88,507	\$ 97,819	\$ 9,312

**MONDAY CREEK TOWNSHIP
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 31,896	\$ 26,013	\$ 5,883
Special Revenue	111,886	71,182	40,704
Nonexpendable Trust	4,264	0	4,264
Total	\$ 148,046	\$ 97,195	\$ 50,851

4. PROPERTY TAX

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

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

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

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

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Grader Lease	\$ 5,228	6.00%

The Township entered into a capital lease with Case Credit, in 1999 for the lease-purchase of a grader. The original lease amount was for \$69,187, with an advance payment of \$55,000, comprised of \$40,000 in cash, and a trade-in allowance of \$15,000. Annual payments of \$2,837 are required over 5 years. The lease is secured solely by the grader. At the end of the lease agreement, the Township has the option to assume ownership of the grader at no additional expense. Payments for the lease are made from the Motor Vehicle License Tax Fund.

**MONDAY CREEK TOWNSHIP
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. DEBT (Continued)

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	General Obligation Notes
2003	\$ 2,837
2004	2,837
Total	<u>\$ 5,674</u>

6. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all employer contributions required through December 31, 2002.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Property;
- Public Officials Liability;

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**Auditor of State
Betty Montgomery**

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

Monday Creek Township
Perry County
5845 Township Road 430
Logan, Ohio 43138

To the Board of Trustees:

We have audited the accompanying financial statements of Monday Creek Township, Perry County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 20, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2002-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 20, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 20, 2003.

Monday Creek Township
Perry County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 20, 2003

**MONDAY CREEK TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-001

Noncompliance Citation – Finding for Adjustment

Ohio Rev. Code Section 505.24 states that the Board of Township Trustees shall be paid from the Township General Fund or from such other Township funds in such proportions as the Board may specify by resolution. The salary resolution must allocate the salary distribution from various funds in the same proportion as the Trustees' service bears to the activities supported by such funds, as determined by the Board.

During our audit, we noted that the Trustees were paid a combined total of \$18,687 in 2001 and \$19,245 in 2002. For both years, 100% of the Trustees' salaries were paid from the Gasoline Tax Fund. There was no resolution in effect which indicated that Trustees' salaries should be paid from any fund other than the General Fund.

On June 2, 2003, the Board of Trustees passed a retroactive resolution indicating that at least 99% of their salaries should be paid from the Gasoline Tax Fund and 1% from the General Fund, based upon the estimated level of service provided by the Trustees during the audit period. Based upon this percentage, a combined total of \$187 in 2001 and \$192 in 2002 should have been paid from the General Fund.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 505.24, a Finding for Adjustment for monies incorrectly expended is hereby issued against the General Fund and in favor of the Gasoline Tax Fund, in the amount of \$379 as of December 31, 2002.

These adjustments are reflected in the accompanying financial statements.

**MONDAY CREEK TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-41064-001	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for not obtaining the Clerk's certification prior to purchase commitments being incurred.	Yes	N/A
2000-41064-002	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.38 for not adopting a temporary appropriation measure in January 1999 and the permanent appropriation measure was not adopted until March 1999.	Yes	N/A
2000-41064-0031	A Finding for Adjustment was issued under Ohio Rev. Code Section 505.24 for not allocating any of the Trustees salaries to the General fund in 2001 or 2002.	No	Not Corrected. The finding is repeated in the current audit Schedule of Findings as item 2002-001.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

MONDAY CREEK TOWNSHIP

PERRY 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 1, 2003**