



**Auditor of State
Betty Montgomery**

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Monroe Township
Muskingum County
12295 Parks Road
New Concord, Ohio 43762-9735

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Muskingum 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 of Monroe Township, Muskingum 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 April 2, 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.

Monroe Township
Muskingum 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 § 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

April 2, 2003

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$9,858	\$13,315	\$23,173
Intergovernmental	23,157	61,232	84,389
Earnings on Investments	82	68	150
Other Revenue	337		337
Total Cash Receipts	<u>33,434</u>	<u>74,615</u>	<u>108,049</u>
Cash Disbursements:			
Current:			
General Government	32,869		32,869
Public Safety		4,597	4,597
Public Works	3,100	88,541	91,641
Debt Service:			
Redemption of Principal		5,000	5,000
Interest and Fiscal Charges		803	803
Capital Outlay	1,500	3,158	4,658
Total Cash Disbursements	<u>37,469</u>	<u>102,099</u>	<u>139,568</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(4,035)</u>	<u>(27,484)</u>	<u>(31,519)</u>
Fund Cash Balances, January 1	<u>6,083</u>	<u>34,056</u>	<u>40,139</u>
Fund Cash Balances, December 31	<u>\$2,048</u>	<u>\$6,572</u>	<u>\$8,620</u>

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

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$9,292	\$12,374	\$21,666
Intergovernmental	28,938	60,233	89,171
Earnings on Investments	276	201	477
Other Revenue	25		25
	<u>38,531</u>	<u>72,808</u>	<u>111,339</u>
Cash Disbursements:			
Current:			
General Government	47,090		47,090
Public Safety		2,872	2,872
Public Works	2,680	58,152	60,832
Debt Service:			
Redemption of Principal		5,273	5,273
Interest and Fiscal Charges		1,071	1,071
	<u>49,770</u>	<u>67,368</u>	<u>117,138</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(11,239)</u>	<u>5,440</u>	<u>(5,799)</u>
Fund Cash Balances, January 1	<u>17,322</u>	<u>28,616</u>	<u>45,938</u>
Fund Cash Balances, December 31	<u>\$6,083</u>	<u>\$34,056</u>	<u>\$40,139</u>

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

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are 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 Fund:

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

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

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.

2. EQUITY IN POOLED CASH

The Township maintains a cash 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:

	<u>2002</u>	<u>2001</u>
Demand deposits	\$8,620	\$40,139

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

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

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

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	\$26,600	\$33,434	\$6,834
Special Revenue	189,761	74,615	(115,146)
Total	\$216,361	\$108,049	(\$108,312)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$33,559	\$37,469	(\$3,910)
Special Revenue	265,645	102,099	163,546
Total	\$299,204	\$139,568	\$159,636

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$34,127	\$38,531	\$4,404
Special Revenue	164,558	72,808	(91,750)
Total	\$198,685	\$111,339	(\$87,346)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$56,557	\$49,770	\$6,787
Special Revenue	193,165	67,368	125,797
Total	\$249,722	\$117,138	\$132,584

Accountability and Compliance

Prior certification of Township funds was not always obtained prior to purchase commitments being incurred during 2002 or 2001, contrary to Ohio Rev. Code Section 5705.41(D).

A reduced amended certificate was not obtained for budgeted receipts not received in the Motor Vehicle License and Gasoline Tax Funds during 2002 and 2001, contrary to Ohio Rev. Code Section 5705.36

Expenditures exceeded appropriations at the legal level of control within the General, Motor Vehicle License, Road and Bridge, and Fire Funds during 2001 and in the General, Motor Vehicle License, Gasoline Tax, and Road and Bridge Funds during 2002, contrary to Ohio Rev. Code Section 5705.41(B).

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

Accountability and Compliance (continued)

Amendments made to the Township's appropriations were neither formally approved by the Board of Trustees, nor were they certified to the County Auditor, contrary to Ohio Rev. Code Section 5705.40.

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 payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$9,727	5.36

The general obligation notes were issued to finance the purchase of a backhoe to be used for Township road maintenance. The notes are collateralized solely by the Township's taxing authority.

Amortization of the above debt, including interest, is scheduled as follows:

	General Obligation Notes
Year ending December 31:	
2003	\$5,536
2004	4,995
Total	\$10,531

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

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

6. RETIREMENT SYSTEMS

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

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

7. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceeded the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The Township also provides health insurance coverage to elected officials and full-time employees through a private carrier.

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**Auditor of State
Betty Montgomery**

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

Monroe Township
Muskingum County
12295 Parks Road
New Concord, Ohio 43762-9735

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 2, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2002-41060-001 and 2002-41060-003 through 2002-41060-006. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 2, 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2002-41060-001 and 2002-41060-002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions that are disclosed above are material weaknesses. We also noted another 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 April 2, 2003.

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.



Betty Montgomery
Auditor of State

April 2, 2003

**MONROE TOWNSHIP
MUSKINGUM 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 2002-41060-001

Finding for Recovery and Material Weakness

Ohio Rev. Code § 507.09 and § 505.24 set the salary amounts for the elected officials of a Township based on the current budget. 1999 Op. Att’y Gen. No. 99-015 states, “for purposes of calculating the authorized compensation of the township trustees and the township clerk pursuant to R.C. 505.24 and R.C. 507.09, the term “budget” refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate.”

Ohio Rev.Code § 5705.36(A)(4) states “Upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency”.

During 2001 and 2002, the Township materially overstated estimated gasoline tax revenue in the Gasoline Tax Fund as demonstrated in the following schedule.

Year	Estimated	Actual	Variance
2001	\$139,398	\$49,701	\$ (89,697)
2002	\$161,854	\$50,440	\$(111,415)

The amount of the deficiency would have reduced available resources well below appropriations for the Gasoline Tax Fund. As a result of this material overstatement, the Township officials’ salaries for 2002 were paid based on a budget of between \$250,000 and \$500,000 rather than being based on a budget of between \$100,000 and \$250,000. Although the budget for 2001 included an unreasonable estimate for gasoline tax receipts, the budget remained within the \$100,000 to \$250,000 range and no overcompensation resulted. The following schedule compares salaries paid to salaries that should have been paid based upon a more reasonable budget, and the amount of overcompensation for 2002.

Elected Official	Amount Due Based on \$100,000 - \$250,000 Budget	Amount Actually Paid Based on \$250,000 - \$500,000 Budget	Amount Overcompensated In 2002
Florence Klein, Clerk	\$8,602.92	\$11,075.94	\$2,473.02
John T. Cain, Trustee	\$6,416.00	\$ 7,400.56	\$ 984.56
Robert J. Adair, Sr., Trustee	\$6,416.00	\$ 7,400.56	\$ 984.56
Ralph Clark, Trustee	\$6,416.00	\$ 7,400.56	\$ 984.56

In accordance with the foregoing facts, and pursuant to Ohio Revised Code § 117.28, a finding for recovery is hereby issued against Florence Klein, Monroe Township Clerk, and her surety, the Ohio Government Risk Management Plan, Robert J. Adair, Sr., Monroe Township Trustee, Ralph Clark, Monroe Township Trustee, and his surety, the Ohio Township Association Risk Management Authority, and John T. Cain, Monroe Township Trustee, and his surety, the Ohio Government Risk Management Plan, in the amounts noted above, in favor of Monroe Township, Muskingum County.

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2002-41060-002

Material Weakness

Voucher packages containing invoices were maintained by the Township to provide supporting documentation for expenditures made by the Township. However, approximately 14% of voucher packages tested did not contain adequately detailed documentation to support the expenditures made. Certain voucher packages contained vague statements of total amounts due, rather than a detailed list of items purchased. Without adequate documentation, the Board may not be able to determine whether expenditures were for a proper public purpose, represent valid Township expenditures, and were paid from the proper funds and accounts.

We recommend the Township voucher packages include a detailed vendor-produced invoice documenting the specifics of the expenditure and a purchase order containing the Clerk's certification. Once this information is available, then the voucher should be signed by the Township Clerk and the members of the Township Board of Trustees.

FINDING NUMBER 2002-41060-003

Noncompliance Citation

As indicated in the Finding for Recovery above, Ohio Rev. Code § 5705.36(A)(4) requires the fiscal officer to obtain a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriations.

In addition to the Gasoline Tax Fund requiring a reduced amended certificate, the Motor Vehicle License Tax Fund also required a reduced amended certificate as demonstrated in the following schedule.

Year	Estimated	Actual	Variance
2001	\$12,038	\$9,138	\$ (2,900)
2002	\$14,476	\$9,302	\$ (5,174)

For both fiscal years, the amount of the deficiency would reduce available resources below appropriations.

We recommend the Township arrive at budgeted receipts based on past receipts. Once sound estimates are made, then estimated receipts should be compared to actual receipts on a monthly basis and amendments obtained if necessary. If reduced amended certificates are necessary, then appropriations may also need to be reduced.

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2002-41060-004

Noncompliance Citation

Ohio Rev. Code § 5705.40 states, in part, that a subdivision may amend or supplement their appropriation measure provided the entity complies with the same provisions of the law as are used in making the original appropriation.

The Township Clerk posted multiple appropriation amendments throughout the audit period. However, these amendments were neither approved by the Board of Trustees in the minutes, nor were they certified to the County Auditor.

The following schedule compares Board approved appropriations to those appropriations posted to the accounting system.

Fiscal Year	Fund	Appropriations posted to the accounting system	Approved Appropriations	Variance
2002	General	\$46,250	\$33,559	\$12,691
2002	Motor Vehicle License Tax	\$44,284	\$21,451	\$22,833
2002	Gasoline Tax	\$191,000	\$176,837	\$14,163
2002	Road and Bridge	\$23,174	\$18,342	\$4,832
2001	General	\$58,238	\$56,557	\$1,681
2001	Road and Bridge	\$13,113	\$14,113	\$1,000

We recommend Township management review budgetary procedures for amending appropriations and file all appropriation amendments with the County Auditor in order to receive confirmation from the County Auditor that appropriations do not exceed estimated resources. In addition, we recommend the Clerk document any budgetary amendments approved by the Board in the minutes and post these amendments only after approval has been obtained. The accompanying budgetary presentation includes only appropriations approved by the Board.

FINDING NUMBER 2002-41060-005

Noncompliance Citation

Ohio Rev. Code § 5705.41 (D) states, in part, that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation or, in the case of a continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made, has been lawfully appropriated for such purpose and is in the treasury or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. This certificate need be signed only by the subdivision's fiscal officer. This section provides two "exceptions" to the above requirements:

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2002-41060-005 (Continued)

Noncompliance Citation - Ohio Rev. Code § 5705.41 (D) (Continued)

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt by the taxing authority of the subdivision or taxing unit of a certificate of the fiscal officer stating that there was at the time of the making of such contract or order and at the time of execution of such certificate a sufficient sum appropriated for the purpose of such contract and in the treasury or process of collection to the credit of an appropriate fund free from any previous encumbrances, such taxing authority may authorize the drawing of a warrant in payment of amounts due upon such contract, but such resolution or ordinance shall be passed within thirty days from the receipt of such certificate.

- B. If the amount is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees, if such expenditure is otherwise valid.

During our testing of non-payroll expenditures, we noted that 63% of tested expenditures were not certified by the Clerk until after the liability had been incurred. The lack of properly encumbering expenditures could lead to purchase commitments being made for which the Township does not have adequate funds.

We recommend those individuals authorized to incur obligations on behalf of the Township do so only after first obtaining the Clerk's certification that funds are available.

FINDING NUMBER 2002-41060-006

Noncompliance Citation

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated. During the year ended December 31, 2002, the following Township funds had expenditures which exceeded appropriations:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General Fund	\$33,559	\$37,468	(\$3,909)
Special Revenue Funds:			
Road and Bridge	\$18,342	\$18,633	(\$291)

During the year ended December 31, 2001, expenditures did not exceed appropriations for any fund totals.

**MONROE TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

FINDING NUMBER 2002-41060-006 (Continued)

Noncompliance Citation - Ohio Rev. Code § 5705.41(B) (Continued)

Although total fund budgetary expenditures did not exceed appropriations in the Motor Vehicle License Tax and Gasoline Tax Funds, expenditures exceeded appropriations at the legal level of control for certain accounts within these funds during 2002, contrary to Ohio law. During 2001, expenditures exceeded appropriations at the legal level of control for certain accounts within the General, Motor Vehicle License Tax, Road and Bridge, and Fire District Funds. The practice of allowing expenditures to exceed appropriations could result in negative fund balances for the Township.

The Clerk should deny payment requests exceeding appropriations, as required by Ohio Rev. Code Section 5705.41(D). We recommend the Board of Trustees and Clerk compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, then the Board should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations.

**MONROE TOWNSHIP
MUSKINGUM 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>
2000-41060-001	Revised Code 5705.41(D), failure to certify funds	No	Not Corrected – Finding repeated for FY 2001-2002 as finding number 2002-41060-005
2000-41060-002	Revised Code 5705.41(B), expenditures exceeding appropriations	No	Not Corrected – Finding repeated for FY 2001-2002 as finding number 2002-41060-006
2000-41060-003	Revised Code 5705.40, amending appropriations	No	Not Corrected – Finding repeated for FY 2001-2002 as finding number 2002-41060-004
2000-41060-004	Failure to properly post budgeted receipts to the accounting system	Yes	Corrected
2000-41060-005	Failure to post debt proceeds to the accounting system	N/A	Finding is no longer valid as no new debt was issued during FY 2001-2002



**Auditor of State
Betty Montgomery**

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800-282-0370

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MONROE TOWNSHIP

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 15, 2003**