



**Auditor of State
Betty Montgomery**

**MONROE TOWNSHIP
MIAMI COUNTY**

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**Auditor of State
Betty Montgomery**

Monroe Township
Miami County
4 East Main Street
Tipp City, Ohio 45371

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

August 31, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Monroe Township
Miami County
4 East Main Street
Tipp City, Ohio 45371

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Miami County, (the Township), as of and for the years ended December 31, 2005 and 2004. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements presented for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Monroe Township, Miami County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2006, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

August 31, 2006

**MONROE TOWNSHIP
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund NonExpendable Trust</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>		
Cash Receipts:				
Local Taxes	\$297,072	\$367,636		\$664,708
Intergovernmental	105,290	181,541		286,831
Special Assessments		19,427		19,427
Licenses, Permits, and Fees		37,520		37,520
Earnings on Investments	15,685	586	\$186	16,457
Other Revenue	75,902	54,391		130,293
Total Cash Receipts	<u>493,949</u>	<u>661,101</u>	<u>186</u>	<u>1,155,236</u>
Cash Disbursements:				
Current:				
General Government	425,588			425,588
Public Safety		64,086		64,086
Public Works	131,000	288,743		419,743
Health	12,165	75,889	186	88,240
Conservation - Recreation	1,655	130,878		132,533
Debt Service:				
Redemption of Principal		13,754		13,754
Interest and Fiscal Charges		7,654		7,654
Capital Outlay		17,867		17,867
Total Cash Disbursements	<u>570,408</u>	<u>598,871</u>	<u>186</u>	<u>1,169,465</u>
Total Receipts Over/(Under) Disbursements	<u>(76,459)</u>	<u>62,230</u>		<u>(14,229)</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		4,648		4,648
Transfers-Out		(4,648)		(4,648)
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(76,459)</u>	<u>62,230</u>		<u>(14,229)</u>
Fund Cash Balances, January 1	<u>334,604</u>	<u>136,851</u>	<u>13,500</u>	<u>484,955</u>
Fund Cash Balances, December 31	<u>\$258,145</u>	<u>\$199,081</u>	<u>\$13,500</u>	<u>\$470,726</u>

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

**MONROE TOWNSHIP
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		Fiduciary Fund Non Expendable Trust	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>		
Cash Receipts:				
Local Taxes	\$291,673	\$323,673		\$615,346
Intergovernmental	96,010	152,611		248,621
Special Assessments		19,505		19,505
Licenses, Permits, and Fees		29,200		29,200
Earnings on Investments	7,582	198	\$176	7,956
Other Revenue	73,607	52,621		126,228
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	468,872	577,808	176	1,046,856
Cash Disbursements:				
Current:				
General Government	412,274			412,274
Public Safety		196,343		196,343
Public Works	73,747	274,220		347,967
Health	18,000	84,206	176	102,382
Conservation - Recreation		134,281		134,281
Debt Service:				
Redemption of Principal		6,647		6,647
Interest and Fiscal Charges		676		676
Capital Outlay		18,348		18,348
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	504,021	714,721	176	1,218,918
Total Receipts Over/(Under) Disbursements	(35,149)	(136,913)		(172,062)
Fund Cash Balances, January 1	369,753	273,764	13,500	657,017
Fund Cash Balances, December 31	<u><u>\$334,604</u></u>	<u><u>\$136,851</u></u>	<u><u>\$13,500</u></u>	<u><u>\$484,955</u></u>

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

**MONROE TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Monroe Township, Miami County, (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees.

The Township provides road and bridge maintenance, cemetery maintenance, and park operations. The Township contracts with the City of Tipp City to provide fire services and Emergency Medical Specialist Inc., to provide ambulance services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes.

The Township had the following significant Special Revenue Funds:

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

**MONROE TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tipp-Monroe Community Service Fund - This fund receives property tax money which is remitted to the Tipp-Monroe Community Services, Inc., a not for profit organization exempt from federal income taxes under Section 501(3)(c) of the Internal Revenue Service Code. The primary objective of Tipp-Monroe Community Services, Inc., is the provision of a broad range of comprehensive education, recreational, cultural, and social service for the people of Tipp City and Monroe Township. Money collected and remitted to Tipp-Monroe Community Services, Inc., for the years ended December 31, 2005 and 2004 was \$130,878 and \$134,281, respectively.

3. Fiduciary Funds

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following fiduciary fund.

Non-Expendable Cemetery Bequest Fund – Amounts are donated and maintained in perpetuity. Investments earnings are used for maintenance of specific sites.

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.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**MONROE TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2005	2004
Demand deposits	\$457,226	\$471,455
Certificates of deposit	13,500	13,500
Total deposits	\$470,726	\$484,955

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$493,949	\$493,949	\$0
Special Revenue	665,749	665,749	0
Fiduciary	186	186	0
Total	\$1,159,884	\$1,159,884	\$0

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$800,000	\$570,408	\$229,592
Special Revenue	766,126	603,519	162,607
Fiduciary	186	186	0
Total	\$1,566,312	\$1,174,113	\$392,199

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$468,872	\$468,872	\$0
Special Revenue	\$577,808	\$577,808	0
Fiduciary	176	176	0
Total	\$1,046,856	\$1,046,856	\$0

**MONROE TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$819,000	\$504,021	\$314,979
Special Revenue	\$824,281	\$714,721	109,560
Fiduciary	176	176	0
Total	\$1,643,457	\$1,218,918	\$424,539

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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, 2005 was as follows:

	Principal	Interest Rate
2004 Fire Truck Lease Purchase	\$156,388	4.6%

The Township entered into a lease purchase agreement to finance the purchase of a new fire truck. The Township's taxing authority collateralized the lease.

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

Year ending December 31:	2004 Fire Truck Lease Purchase
2006	\$21,408
2007	21,408
2008	21,408
2009	21,408
2010	21,408
2011-2014	85,631
Total	\$192,671

**MONROE TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

6. RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Township provides dental, vision, health, and life insurance benefits to its' full time employees and provides life insurance benefits to the Clerk and Board of Trustees.

8. Tipp-Monroe Community Services

The Township levies a property tax for the purpose of supporting Tipp-Monroe Community Services, Inc., a not for profit organization exempt from federal income taxes under Section 501(3)(c) of the Internal Revenue Service Code. The primary objective of Tipp-Monroe Community Services, Inc., is the provision of a broad range of comprehensive education, recreational, cultural, and social service for the people of Tipp City and Monroe Township. Further information regarding this organization can be obtained from Tipp-Monroe Community Services, Inc. 3 East Main Street, Tipp City, Ohio 45371, Phone: 937-667-8631, E-mail: tmcomservices@coax.net Ruth Safreed, President, Board of Trustees.

The amount collected during 2005 and 2004 on behalf of Tipp-Monroe Community Services, Inc., was \$130,878 and \$134,281, respectively. These amounts are reported as taxes in the Special Revenue funds. The payments are included as conservation-recreation.

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Auditor of State Betty Montgomery

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

Monroe Township
Miami County
4 East Main Street
Tipp City, Ohio 45371

To the Board of Trustees:

We have audited the financial statements of Monroe Township, Miami County, (the Township), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated August 31, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

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. However, providing an opinion 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*. In a separate letter to the Township's management dated August 31, 2006, we reported a matter related to noncompliance we deemed immaterial.

Monroe Township
Miami County
Independent Accountants' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, the Board of Trustees. It is not intended for 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

August 31, 2006



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

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MONROE TOWNSHIP

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 28, 2006**