

**MONROE TOWNSHIP
LICKING COUNTY**

AUDIT REPORT

JANUARY 1, 2009 – DECEMBER 31, 2010

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



Dave Yost • Auditor of State

Board of Trustees
Monroe Township
9444 Woodhaven Rd.
Johnstown, Ohio 43031

We have reviewed the *Independent Auditors' Report* of Monroe Township, Licking County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Monroe Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 26, 2011

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**MONROE TOWNSHIP
LICKING COUNTY**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Independent Auditors' Report.....	1
Management Discussion and Analysis.....	2
Government-wide Financial Statements:	
Statement of Nets Assets Year Ended December 31, 2010.....	8
Statement of Activities Year ended December 31, 2010.....	9
Fund Financial Statements:	
Governmental Funds	
Statement of Cash Basis Assets and Fund Balances, Year Ended December 31, 2010.....	10
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balance Year Ended December 31, 2010.....	11
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - General Fund, Year Ended December 31, 2010.....	12
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - Fire Special Levy Fund, Year Ended December 31, 2010.....	13
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - Fire & RSC Ambulance EMS Levy Fund, Year Ended December 31, 2010.....	14
Government-wide Financial Statements:	
Statement of Nets Assets Year Ended December 31, 2009.....	15
Statement of Activities Year ended December 31, 2009.....	16
Fund Financial Statements:	
Governmental Funds	
Statement of Cash Basis Assets and Fund Balances, Year Ended December 31, 2009.....	17
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balance Year Ended December 31, 2009.....	18
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - General Fund, Year Ended December 31, 2009.....	19
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - Fire Special Levy Fund, Year Ended December 31, 2009.....	20
Notes to the Financial Statements.....	21
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By Government Auditing Standards.....	36
Independent Auditors' Report on Compliance with Requirements That Could have A Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 Standards.....	38
Schedule of Findings and Questioned Costs.....	40
Schedule of Federal Award Expenditures.....	42
Notes to Schedule of Federal Award Expenditures.....	43
Schedule of Prior Audit Findings.....	44

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Monroe Township
Licking County
9444 Woodhaven Road
Johnstown, Ohio 43031

We have audited the accompanying financial statements of the governmental activities, major funds and aggregate remaining fund information of Monroe Township, Licking County as of and for the years ended December 31, 2010 and 2009, which collectively comprised the Township's basic financial statements. 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 2, the Township has prepared these financial statements and notes using the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-cash basis of the governmental activities, major funds and the aggregate remaining fund information of Monroe Township, Licking County, as of December 31, 2010 and 2009, and the respective changes in financial position-cash basis and the respective budgetary comparison for the General Fund, Fire Special Levy Fund, and Fire & RSC Ambulance EMS Levy Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 10, 2011, on our consideration of Monroe Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 10, 2011

**MONROE TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
UNAUDITED**

This discussion and analysis of the Monroe Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2010 and 2009, within the limitations of the Township's cash basis accounting. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2010 and 2009 are as follows:

The Township's general receipts are primarily Real Estate and property taxes for governmental activities for the year. Tax receipts for 2010 and 2009 changed very little compared to 2006 as development within the Township has stayed about the same.

In 2010, Net Assets of governmental activities increased \$149,561, or 9 percent, a slight change from prior years. In 2009, Net Assets of governmental activities decreased \$88,716, or 5 percent, a slight change from prior years.

In 2009, the Township purchased a fire truck, which required the Township to borrow \$250,000 from Heartland Bank.

Using the Basic Financial Statements

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

Report Components

The statement of net assets and statement of activities provide information about the cash activities of the Township as a whole. The statement of cash basis assets and fund balances, and the statement of cash receipts, disbursements and changes in fund cash balances, present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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

MONROE TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
UNAUDITED

Basis of Accounting

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

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

Reporting the Government as a Whole

The statements of net assets and statements of activities for 2010 and 2009 reflect how the Township did financially within the limitations of the cash basis of accounting. The statement of net assets present the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the programs services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

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

In the statement of net assets and the statement of activities, we divide the government into governmental activities. All of the Township's basic services are reported here, including road maintenance. Real estate and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**MONROE TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
UNAUDITED**

Reporting the Government's Most Significant Funds

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

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds for 2010 are the General Fund, Fire Special Levy Fund and Fire & RSC Ambulance EMS Levy Fund. The Township's major governmental funds for 2009 are the General Fund and Fire Special Levy Fund. The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the township reports on the cash basis.

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2010 compared to 2009 and 2008 on the cash basis:

Table 1
NET ASSETS

	<u>Governmental Activities</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Assets			
Cash	\$ 1,785,403	\$ 1,635,842	\$ 1,724,558
Total Assets	<u>1,785,403</u>	<u>1,635,842</u>	<u>1,724,558</u>
Net Assets			
Restricted for:			
Capital Projects	4,172	10,645	137,328
Permanent:			
Expendable	3,251	3,082	2,989
Nonexpendable	5,000	5,000	5,000
Other Purposes	1,518,587	1,346,996	1,236,693
Unrestricted	254,393	270,119	342,548
Total Net Assets	<u>\$ 1,785,403</u>	<u>\$ 1,635,842</u>	<u>\$ 1,724,558</u>

MONROE TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
UNAUDITED

Table 2 reflects the changes in net assets in 2010 and 2009 and 2008

Table 2
CHANGES IN NET ASSETS

	Governmental Activities		
	2010	2009	2008
Receipts:			
Program Receipts:			
Charges for Services	\$ 737,755	\$ 693,150	\$ 479,851
Operating Grants	230,866	714,784	98,163
Capital Grants	-	-	-
Total Program Receipts	<u>968,621</u>	<u>1,407,934</u>	<u>578,014</u>
General Receipts;			
Property and Other Tax	1,114,872	1,114,989	1,017,661
Grants and Entitlements not Restricted	115,923	95,460	211,294
Interest	5,816	9,969	39,002
Debt Proceeds	-	250,000	-
Miscellaneous	74,071	64,908	102,317
Total General Receipts	<u>1,310,682</u>	<u>1,535,326</u>	<u>1,370,274</u>
Total Receipts	<u>2,279,303</u>	<u>2,943,260</u>	<u>1,948,288</u>
Disbursements:			
General Government	207,008	254,820	198,233
Public Safety	1,603,152	1,566,792	1,352,564
Public Works	175,667	164,508	145,375
Health	41,336	40,855	47,712
Other	-	-	-
Capital Outlay	57,832	992,906	23,664
DS - Principal	31,714	10,956	10,292
DS - Interest	13,033	1,139	1,139
Total Disbursements	<u>2,129,742</u>	<u>3,031,976</u>	<u>1,778,979</u>
Increase/(Decrease) In Net Assets	<u>149,561</u>	<u>(88,716)</u>	<u>169,309</u>
Net Assets, January 1	<u>1,635,842</u>	<u>1,724,558</u>	<u>1,555,249</u>
Net Assets, December 31	<u>\$ 1,785,403</u>	<u>\$ 1,635,842</u>	<u>\$ 1,724,558</u>

Program receipts represent 42%, 48% and 30% of total receipts for 2010, 2009 and 2008, respectively. They are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 58%, 52% and 70% of the Township's total receipts for 2010, 2009 and 2008, respectively. Local taxes represent 85%, 73% and 74% of the general receipts. Grants and entitlements make up the balance of general receipts. Other receipts are insignificant and somewhat unpredictable receipt sources.

**MONROE TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
UNAUDITED**

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

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by Monroe Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Public Works and General Government, which account for 75% and 9% in 2010 and 51% and 8% in 2009 of all governmental disbursements. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of service and the net cost for 2010 and 2009 is presented in Table 3.

TABLE 3

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
General Government	\$ 207,008	\$ 207,008	\$ 254,820	\$ 254,820
Public Safety	1,603,152	1,138,636	1,566,792	774,536
Public Works	175,667	79,386	164,508	69,592
Health	41,336	(9,917)	40,855	6,880
Other	-	(356,571)	-	(486,787)
Capital Outlay	57,832	57,832	992,906	992,906
DS – Principal	31,714	31,714	10,956	10,956
DS - Interest	13,033	13,033	1,139	1,139
Total Expenses	<u>\$ 2,129,742</u>	<u>\$ 1,161,121</u>	<u>\$ 3,031,976</u>	<u>\$ 1,624,042</u>

The dependence upon property tax is apparent as over 100% and 95% for 2010 and 2009 of governmental activities are supported through these general receipts.

The Government's Funds

Total governmental funds had receipts of \$2,280,079 and \$2,946,165 for 2010 and 2009 and disbursements of \$2,130,518 and \$3,034,881 for 2010 and 2009, respectively.

**MONROE TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
UNAUDITED**

Fund Budgeting Highlights

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

During 2010 and 2009, the Township made amendments to its appropriation budget and receipts budget to reflect changing circumstances. For 2010 actual receipts were greater than budgeted receipts and in 2009 actual receipts were less than budgeted receipts.

Final budgeted disbursements for 2010 and 2009 were \$486,745 and \$610,346, respectively. Actual disbursements for 2010 and 2009 were \$272,979 and \$312,179, respectively. The Township kept spending close to budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

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

Debt

As of December 31, 2010, the Township had debt outstanding in the amount of \$229,797, with \$21,143 due within one year.

Contacting the Government's Financial Management

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

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF NET ASSETS-CASH BASIS
December 31, 2010**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,785,403</u>
Total Assets	<u>\$ 1,785,403</u>
NET ASSETS:	
Restricted for:	
Capital Projects	4,172
Permanent Funds:	
Expendable	3,251
Nonexpendable	5,000
Other Purposes	1,518,587
Unrestricted	<u>254,393</u>
Total Net Assets	<u><u>\$ 1,785,403</u></u>

See notes to basic financial statements.

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
Governmental Activities:					
General Government	\$ 207,008	\$ -	\$ -	\$ -	\$ (207,008)
Public Safety	1,603,152	335,931	128,585	-	(1,138,636)
Public Works	175,667	-	96,281	-	(79,386)
Health	41,336	51,253	-	-	9,917
Other	-	350,571	6,000	-	356,571
Debt Service:					
Principal	31,714	-	-	-	(31,714)
Interest and Fiscal Charges	13,033	-	-	-	(13,033)
Capital Outlay	57,832	-	-	-	(57,832)
Total Governmental Activities	\$ 2,129,742	\$ 737,755	\$ 230,866	\$ -	\$ (1,161,121)

General Receipts:

Property Taxes Levied for:	
General Purposes	1,114,872
Grants and Entitlements not	
Restricted to Specific Programs	115,923
Interest	5,816
Miscellaneous	74,071
	1,310,682
Total General Receipts	1,310,682
Change in Net Assets	149,561
Net Assets Beginning of Year	1,635,842
Net Assets End of Year	\$ 1,785,403

See notes to the basic financial statements.

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2010**

	<u>General</u>	<u>Fire Special Levy</u>	<u>Fire & RSC Ambulance EMS Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Equity in Pooled Cash and cash Equivalents	\$ 254,393	\$ 942,970	\$ 288,673	\$ 299,367	\$ 1,785,403
Total Assets	<u>\$ 254,393</u>	<u>\$ 942,970</u>	<u>\$ 288,673</u>	<u>\$ 299,367</u>	<u>\$ 1,785,403</u>
Fund Balances:					
Reserved:					
Reserved for Encumbrances	2,587	21,906	-	3,500	27,993
Unreserved:					
General Fund	251,806	-	-	-	251,806
Special Revenue Funds	-	921,064	288,673	283,444	1,493,181
Capital Projects Funds	-	-	-	4,172	4,172
Permanent Funds	-	-	-	8,251	8,251
Total Fund Balances	<u>\$ 254,393</u>	<u>\$ 942,970</u>	<u>\$ 288,673</u>	<u>\$ 299,367</u>	<u>\$ 1,785,403</u>

See notes to basic financial statements.

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2010**

	<u>General</u>	<u>Fire Special levy</u>	<u>Fire &RSC Ambulance EMS Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS					
Property and Other Local Taxes	\$ 139,179	\$ 914,962	\$ -	\$ 60,731	\$ 1,114,872
Charges for Services	-	335,931	342,388	-	678,319
Licenses, Permits, and Fees	8,183	-	-	16,615	24,798
Intergovernmental	74,394	116,350	-	190,683	381,427
Interest	5,646	-	-	170	5,816
Other	27,264	12,170	-	34,637	74,071
Total Receipts	<u>254,666</u>	<u>1,379,413</u>	<u>342,388</u>	<u>302,836</u>	<u>2,279,303</u>
CASH DISBURSEMENTS:					
Current:					
General Government	207,008	-	-	-	207,008
Public Safety	-	1,477,460	52,266	73,426	1,603,152
Public Works	52,594	-	-	123,073	175,667
Health	10,014	-	-	31,322	41,336
Debt Service:					
Principal	-	20,203	-	11,511	31,714
Interest and Fiscal Charges	-	12,497	-	536	13,033
Capital Outlay	-	33,368	1,449	23,015	57,832
Total Disbursements	<u>269,616</u>	<u>1,543,528</u>	<u>53,715</u>	<u>262,883</u>	<u>2,129,742</u>
Excess of Receipts Over (Under) Disbursements	(14,950)	(164,115)	288,673	39,953	149,561
Other Financing Sources (Uses)					
Transfers-In	-	692	-	84	776
Transfers-Out	(776)	-	-	-	(776)
Total Other Financing Sources (Uses)	<u>(776)</u>	<u>692</u>	<u>-</u>	<u>84</u>	<u>-</u>
Net Change in Cash Fund Balances	(15,726)	(163,423)	288,673	40,037	149,561
Cash Fund Balances Beginning of Year	<u>270,119</u>	<u>1,106,393</u>	<u>-</u>	<u>259,330</u>	<u>1,635,842</u>
Cash Fund Balances End of Year	<u>\$ 254,393</u>	<u>\$ 942,970</u>	<u>\$ 288,673</u>	<u>\$ 299,367</u>	<u>\$ 1,785,403</u>

See notes to basic financial statements.

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 139,000	\$ 139,864	\$ 139,179	\$ (685)
Licenses, Permits and Fines	7,500	8,183	8,183	-
Intergovernmental	53,035	80,084	74,394	(5,690)
Interest	10,000	5,000	5,646	646
Other	4,000	18,531	27,264	8,733
Total Receipts	<u>213,535</u>	<u>251,662</u>	<u>254,666</u>	<u>3,004</u>
CASH DISBURSEMENTS:				
Current:				
General Government	264,406	262,969	209,595	53,374
Public Works	132,000	132,000	52,594	79,406
Health	11,000	11,000	10,014	986
Capital Outlay	40,000	40,000	-	40,000
Total Disbursements	<u>447,406</u>	<u>445,969</u>	<u>272,203</u>	<u>173,766</u>
Excess of Receipts Over (Under) Disbursements	(233,871)	(194,307)	(17,537)	176,770
Other Financing Sources (Uses)				
Transfers-Out	-	(776)	(776)	-
Other Financing Uses	(40,000)	(40,000)	-	(40,000)
Total Other Financing Sources (Uses)	<u>(40,000)</u>	<u>(40,776)</u>	<u>(776)</u>	<u>(40,000)</u>
Net Change in Cash Fund Balances	(273,871)	(235,083)	(18,313)	216,770
Cash Fund Balances Beginning of Year	<u>266,694</u>	<u>266,694</u>	<u>266,694</u>	<u>-</u>
Prior Year Encumbrances Appropriated	3,425	3,425	3,425	
Cash Fund Balances End of Year	<u><u>\$ (3,752)</u></u>	<u><u>\$ 35,036</u></u>	<u><u>\$ 251,806</u></u>	<u><u>\$ 216,770</u></u>

See notes to basic financial statements.

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE SPECIAL LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 909,000	\$ 918,206	\$ 914,962	\$ (3,244)
Charges for Services	317,010	650,000	335,931	(314,069)
Intergovernmental	129,000	129,000	116,350	(12,650)
Interest	11,000	11,000	-	(11,000)
Other	23,000	447,676	12,170	(435,506)
Total Receipts	<u>1,389,010</u>	<u>2,155,882</u>	<u>1,379,413</u>	<u>(776,469)</u>
CASH DISBURSEMENTS:				
Current:				
General Government	-	-	-	-
Public Safety	2,317,828	2,288,391	1,499,366	789,025
Debt Service:				
Principal	-	20,203	20,203	-
Interest	-	12,497	12,497	-
Capital Outlay	807,995	782,192	33,368	748,824
Total Disbursements	<u>3,125,823</u>	<u>3,103,283</u>	<u>1,565,434</u>	<u>1,537,849</u>
Excess of Receipts Over (Under) Disbursements	(1,736,813)	(947,401)	(186,021)	761,380
Other Financing Sources (Uses)				
Transfers-In	-	-	692	692
Other Financing (Uses)	(100,000)	(100,000)	-	100,000
Total Other Financing Sources (Uses)	(100,000)	(100,000)	692	100,692
Net Change in Cash Fund Balances	(1,836,813)	(1,047,401)	(185,329)	862,072
Cash Fund Balances Beginning of Year	<u>1,070,803</u>	<u>1,070,803</u>	<u>1,070,803</u>	<u>-</u>
Prior Year Encumbrances Appropriated	35,590	35,590	35,590	
Cash Fund Balances End of Year	<u>\$ (730,420)</u>	<u>\$ 58,992</u>	<u>\$ 921,064</u>	<u>\$ 862,072</u>

See notes to basic financial statements.

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE & RSC AMBULANCE EMS LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Charges for Services	\$ 315,000	\$ 342,388	\$ 342,388	\$ -
Total Receipts	<u>315,000</u>	<u>342,388</u>	<u>342,388</u>	<u>-</u>
CASH DISBURSEMENTS:				
Current:				
Public Safety	250,000	220,500	52,266	168,234
Capital Outlay	-	29,500	1,449	28,051
Total Disbursements	<u>250,000</u>	<u>250,000</u>	<u>53,715</u>	<u>196,285</u>
Net Change in Cash Fund Balances	65,000	92,388	288,673	196,285
Cash Fund Balances Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 65,000</u>	<u>\$ 92,388</u>	<u>\$ 288,673</u>	<u>\$ 196,285</u>

See notes to basic financial statements.

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF NET ASSETS-CASH BASIS
December 31, 2009**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,635,842</u>
Total Assets	<u>\$ 1,635,842</u>
NET ASSETS:	
Restricted for:	
Capital Projects	10,645
Permanent Funds:	
Expendable	3,082
Nonexpendable	5,000
Other Purposes	1,346,996
Unrestricted	<u>270,119</u>
Total Net Assets	<u><u>\$ 1,635,842</u></u>

See notes to basic financial statements.

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Cash</u> <u>Disbursements</u>	<u>Charges for</u> <u>Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Net</u> <u>(Disbursements)</u> <u>Receipts and</u> <u>Changes in</u> <u>Net Assets</u>
Governmental Activities:					
General Government	\$ 254,820	\$ -	\$ -	\$ -	\$ (254,820)
Public Safety	1,566,792	652,391	139,865	-	(774,536)
Public Works	164,508	-	94,916	-	(69,592)
Health	40,855	33,975	-	-	(6,880)
Other	-	6,784	480,003	-	486,787
Debt Service:					
Principal	10,956	-	-	-	(10,956)
Interest and Fiscal Charges	1,139	-	-	-	(1,139)
Capital Outlay	992,906	-	-	-	(992,906)
Total Governmental Activities	<u>\$ 3,031,976</u>	<u>\$ 693,150</u>	<u>\$ 714,784</u>	<u>\$ -</u>	<u>\$ (1,624,042)</u>

General Receipts:

Property Taxes Levied for:	
General Purposes	1,114,989
Grants and Entitlements not	
Restricted to Specific Programs	95,460
Interest	9,969
Debt Proceeds	250,000
Miscellaneous	64,908
	<u>1,535,326</u>
Total General Receipts	<u>1,535,326</u>
Change in Net Assets	(88,716)
Net Assets Beginning of Year	<u>1,724,558</u>
Net Assets End of Year	<u>\$ 1,635,842</u>

See notes to the basic financial statements.

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2009**

	General	Fire Special Levy	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Equity in Pooled Cash and cash Equivalents	\$ 270,119	\$ 1,106,393	\$ 259,330	\$ 1,635,842
Total Assets	\$ 270,119	\$ 1,106,393	\$ 259,330	\$ 1,635,842
 Fund Balances:				
Reserved:				
Reserved for Encumbrances	3,425	35,590	6,500	45,515
Unreserved:				
General Fund	266,694	-	-	266,694
Special Revenue Funds	-	1,070,803	234,103	1,304,906
Capital Projects Funds	-	-	10,645	10,645
Permanent Funds	-	-	8,082	8,082
Total Fund Balances	\$ 270,119	\$ 1,106,393	\$ 259,330	\$ 1,635,842

See notes to basic financial statements.

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2009**

	General	Fire Special levy	Other Governmental Funds	Total Governmental Funds
CASH RECEIPTS				
Property and Other Local Taxes	\$ 139,934	\$ 916,302	\$ 58,753	\$ 1,114,989
Charges for Services	-	652,391	-	652,391
Licenses, Permits, and Fees	6,784	-	17,475	24,259
Intergovernmental	48,030	603,532	175,182	826,744
Interest	9,877	-	92	9,969
Other	31,700	8,279	24,929	64,908
Total Receipts	236,325	2,180,504	276,431	2,693,260
CASH DISBURSEMENTS:				
Current:				
General Government	250,438	-	4,382	254,820
Public Safety	-	1,496,859	69,933	1,566,792
Public Works	39,345	-	125,163	164,508
Health	9,731	-	31,124	40,855
Debt Service:				
Principal	-	-	10,956	10,956
Interest and Fiscal Charges	-	-	1,139	1,139
Capital Outlay	6,335	833,179	153,392	992,906
Total Disbursements	305,849	2,330,038	396,089	3,031,976
Excess of Receipts Over (Under) Disbursements	(69,524)	(149,534)	(119,658)	(338,716)
Other Financing Sources (Uses)				
Transfers-In	-	2,517	388	2,905
Debt Proceeds	-	250,000	-	250,000
Transfers-Out	(2,905)	-	-	(2,905)
Total Other Financing Sources (Uses)	(2,905)	252,517	388	250,000
Net Change in Cash Fund Balances	(72,429)	102,983	(119,270)	(88,716)
Cash Fund Balances Beginning of Year	342,548	1,003,410	378,600	1,724,558
Cash Fund Balances End of Year	\$ 270,119	\$ 1,106,393	\$ 259,330	\$ 1,635,842

See notes to basic financial statements.

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 136,000	\$ 138,700	\$ 139,934	\$ 1,234
Licenses, Permits and Fines	7,000	8,583	6,784	(1,799)
Intergovernmental	58,835	58,835	48,030	(10,805)
Interest	10,000	10,000	9,877	(123)
Other	4,000	54,669	31,700	(22,969)
Total Receipts	<u>215,835</u>	<u>270,787</u>	<u>236,325</u>	<u>(34,462)</u>
CASH DISBURSEMENTS:				
Current:				
General Government	311,250	335,469	253,863	81,606
Public Works	50,000	49,000	39,345	9,655
Health	10,000	10,000	9,731	269
Capital Outlay	40,000	40,000	6,335	33,665
Total Disbursements	<u>411,250</u>	<u>434,469</u>	<u>309,274</u>	<u>125,195</u>
Excess of Receipts Over (Under) Disbursements	(195,415)	(163,682)	(72,949)	90,733
Other Financing Sources (Uses)				
Transfers-Out	-	(9,877)	(2,905)	(6,972)
Transfers-In	-	13,773	-	(13,773)
Other Financing Uses	(166,000)	(166,000)	-	(166,000)
Total Other Financing Sources (Uses)	<u>(166,000)</u>	<u>(162,104)</u>	<u>(2,905)</u>	<u>(186,745)</u>
Net Change in Cash Fund Balances	(361,415)	(325,786)	(75,854)	249,932
Cash Fund Balances Beginning of Year	<u>338,767</u>	<u>338,767</u>	<u>338,767</u>	<u>-</u>
Prior Year Encumbrances Appropriated	3,781	3,781	3,781	
Cash Fund Balances End of Year	<u>\$ (18,867)</u>	<u>\$ 16,762</u>	<u>\$ 266,694</u>	<u>\$ 249,932</u>

See notes to basic financial statements.

**MONROE TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE SPECIAL LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 845,247	\$ 739,938	\$ 916,302	\$ 176,364
Charges for Services	567,000	120,000	652,391	532,391
Intergovernmental	120,000	120,000	603,532	483,532
Interest	11,000	11,000	-	(11,000)
Other	83,000	10,000	8,279	(1,721)
Total Receipts	<u>1,626,247</u>	<u>1,000,938</u>	<u>2,180,504</u>	<u>1,179,566</u>
CASH DISBURSEMENTS:				
Current:				
General Government	-	13,773	-	13,773
Public Safety	2,307,067	2,297,675	1,532,449	765,226
Capital Outlay	127,000	862,325	833,179	29,146
Total Disbursements	<u>2,434,067</u>	<u>3,173,773</u>	<u>2,365,628</u>	<u>808,145</u>
Excess of Receipts Over (Under) Disbursements	(807,820)	(2,172,835)	(185,124)	1,987,711
Other Financing Sources (Uses)				
Debt Proceeds	-	250,000	250,000	-
Transfers-In	-	-	2,517	2,517
Other Financing (Uses)	(10,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>250,000</u>	<u>252,517</u>	<u>2,517</u>
Net Change in Cash Fund Balances	(817,820)	(1,922,835)	67,393	1,990,228
Cash Fund Balances Beginning of Year	<u>998,138</u>	<u>998,138</u>	<u>998,138</u>	<u>-</u>
Prior Year Encumbrances Appropriated	5,272	5,272	5,272	
Cash Fund Balances End of Year	<u><u>\$ 185,590</u></u>	<u><u>\$ (919,425)</u></u>	<u><u>\$ 1,070,803</u></u>	<u><u>\$ 1,990,228</u></u>

See notes to basic financial statements.

**MONROE TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF THE REPORTING ENTITY

Reporting Entity

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

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

Primary Government

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

Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

Monroe Township has no component units.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Township does not report assets for equity interest in joint ventures.

The Township participates in a public entity risk pool. Note 5 to the financial statements provide additional information for this entity. This organization is: Public Entity Risk Pool: Ohio Township Association Risk Management Authority (OTARMA). OTARMA provides property, casualty and liability coverage.

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

**MONROE TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements, in which case GASB prevails. Following are more of the Township's accounting policies.

Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities or the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or service. The Township has no business-type activities.

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

Fund Financial Statements

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

**MONROE TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into one category: governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds for 2010 are the General Fund, Fire Special Levy Fund and Fire & RSC Ambulance EMS Levy Fund. The Township's major funds for 2009 are the General Fund and Fire Special Levy Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Fire Special Levy Fund collects property tax revenues and charges for services to provide fire protection to the Township and other residents. The Fire & RSC Ambulance EMS Levy Fund collects charges for services for ambulance and EMS services. The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note. There were no modifications having substantial support.

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

Budgetary Process

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

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

**MONROE TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process (Continued)

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

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

Cash and Investments

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2010 and 2009, the Township invested in STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2010 and 2009, respectively.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. In 2010 and 2009, interest credited to the General Fund was \$5,646 and \$9,877, respectively.

**MONROE TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets

Cash and cash equivalents are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Amounts restricted for other purposes represents special revenue funds restricted to a specific use. The Township has no restricted assets.

Inventory and Prepaid Items

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

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Note 6, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

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

Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include gasoline tax receipts used for the upkeep of Township roads and bridges, real estate tax used for fire protection and cemetery operations, permissive tax used for upkeep of roads and FEMA grants which are used for disaster assistance.

Capital Assets

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

Fund Balance Reserve

The Township may reserve any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The Township has reserves for encumbrances as of December 31, 2010 and 2009. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**MONROE TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accumulated Leave

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

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide statements, transfers within governmental activities are eliminated.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance-Budget and Actual-Budgetary Basis presented for the General Fund, Fire Special Levy Fund and the Fire & RSC Ambulance EMS Levy Fund are prepared on the budgetary basis to provide a meaningful comparisons of actual results with the budget. The differences between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). For major funds in 2010 and 2009, there were outstanding encumbrances in the amount of \$24,493 and \$39,015, respectively.

4. DEPOSITS

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

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, including negotiable order of withdrawal (NOW) accounts.

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

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

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

**MONROE TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4. DEPOSITS (Continued)

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

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

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution, to secure the repayment of all public monies deposited with the institution. National City Bank is the financial institution for Monroe Township.

The Township did not have any undeposited cash on hand for 2010 and 2009.

Deposits:

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are the possession of an outside party. At year ended December 31, 2010, \$1,603,449 of the Township's bank balance of \$1,853,449 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. At year ended December 31, 2009, \$1,456,065 of the Township's bank balance of \$1,706,065 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

**MONROE TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4. DEPOSITS (Continued)

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

Investments:

Investment Type	Fair Value 12/31/10	Fair Value 12/31/09	Maturity	Rating (1)
STAR Ohio	\$ 674,134	\$ 674,162	Daily	AAAm

(1) Standard & Poor's

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement.

Credit Risk – The Township's investment policy addresses credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers, intermediaries and financial advisors and by diversifying the investment portfolio so that potential losses on the individual securities do not exceed income generated from the remaining portfolio.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Township has no investment policy dealing with custodial credit risk beyond the requirements of the State which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee.

Concentration of Credit Risk – The Township places no limit on the amount the Township may invest in one issuer.

**MONROE TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. RISK MANAGEMENT

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. American Risk Pool Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Assets	\$ 38,982,088	\$ 40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Retained Earnings	<u>\$ 26,101,322</u>	<u>\$ 27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$43,800.

**MONROE TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. RISK MANAGEMENT(Continued)

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

<u>Contributions to OTARMA</u>	
2008	\$18,684
2009	17,115
2010	21,900

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

Settlement amounts did not exceed insurance coverage for the past three years.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

6. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

**MONROE TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (Continued)

Ohio Public Employees Retirement System (Continued)

For the year ended December 31, 2010, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 11.1 percent of their annual covered salary; members in public safety contributed 10.5 percent. The employer contribution rate for pension benefits for 2010 was 14.00 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contributions were 17.87 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$24,057, \$21,702, and \$21,576, respectively. The full amount has been contributed for 2010, 2009 and 2008.

Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension benefits while the employer is required to contribute 24.0 percent for firefighters for both years. Contributions are authorized by State statute. The Township's contributions to OP&F for firefighters for the years ended December 31, 2010, 2009, and 2008 were \$194,949, \$198,892, and \$170,784, respectively. The full amount has been contributed for 2010, 2009 and 2008.

**MONROE TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (Continued)

Post Employment Benefits

Ohio Public Employees Retirement System

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

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

In order to qualify for post-employment health care coverage, aged and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefits is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or calling 614-222-5601 or 800-222-7377.

Funding Policy-The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contributions to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 17.87%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00% of covered payroll for state and local employer units and 18.10% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members of the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 2010 and 4.23% from March 1 through December 31, 2010. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and their coverage selected.

**MONROE TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (Continued)

Post Employment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

The Township's contributions for health care to the OPERS for the years ending December 31, 2010, 2009, and 2008 were \$9,021, \$8,138 and \$8,091, respectively, which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted the OPERS Board of Trustees September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1, of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

Plan Description-The Township contributes to the OP&F sponsored healthcare program, a cost sharing multiple-employer defined postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefits check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefits (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy-The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.50% of covered payroll for police employers units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2010, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 115 and 401(h).

**MONROE TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (Continued)

Post Employment Benefits (Continued)

Ohio Police and Fire Pension Fund (Continued)

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Township's actual contributions for 2010, 2009 and 2008 that were used to fund post-employment benefits were \$50,768, \$51,795 and \$44,475, respectfully, for fire.

7. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstance, State statute permits alternate payment dates to be established.

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

Tangible personal property tax is assessed by the property owners, who must be 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.

The full tax rate for all Township operations for the year ended December 31, 2010, was \$7.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property	
Residential	\$ 123,594,800
Agriculture	7,449,140
Commercial/Industrial/Mineral	17,870,770
Public Utility Property	
Real	-
Personal	3,366,150
Tangible Personal Property	<u>1,986,650</u>
Total Assessed Value	<u>\$ 154,267,510</u>

**MONROE TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

8. DEBT

Long term debt of the Township, as of December 31, 2010 is as follows:

	Balance January 1 2009	Additions	Deductions	Balance December 31 2010	Amount Due Within One Year
Note-Arm Mower	\$ 22,467	\$ -	\$ 22,467	\$ -	\$ -
Note – Fire Truck	\$ -	250,000	20,203	229,797	21,143
Total	\$ 22,467	\$ 250,000	\$ 42,670	\$ 229,797	\$ 21,143

In 2007, A general obligation note in the amount of \$32,759 from Park National Bank was used to purchase a arm mower for the township road mower. Payments are made annually with 5.0% interest. This note is collateralized by the arm mower.

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

Amortization of the above debt is as follows:

	Tractor	
	Principal	Interest
2011	\$ 21,143	\$ 10,685
2012	22,126	9,702
2013	23,155	8,674
2014	24,231	7,597
2015	25,358	6,470
2016-2020	113,784	13,527
Total	\$ 229,797	\$ 56,655

9. TRANSFERS

Following is a summary of transfers in and out for all funds for 2010:

Fund	Transfer In	Transfer Out
General Fund	\$ -	\$ 776
Fire Special Levy Fund	692	-
Other Governmental Fund	84	-
Totals	\$ 776	\$ 23,939

Following is a summary of transfers in and out for all funds for 2009:

Fund	Transfer In	Transfer Out
General Fund	\$ -	\$ 2,905
Fire Special Levy Fund	2,517	-
Other Governmental Fund	388	-
Totals	\$ 2,905	\$ 2,905

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Monroe Township
Licking County
9444 Woodhaven Road
Johnstown, Ohio 43031

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Township, Licking County as of and for the years ended December 31, 2010 and 2009 and have issued our report thereon dated June 10, 2011, wherein we noted the Township followed the cash basis of accounting, a comprehensive accounting basis other 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Monroe Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected. We consider Findings 2010-01 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 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 the management of Monroe Township in a separate letter dated June 10, 2011.

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

This report is intended for the information of the Township's management, fiscal officer, Auditor of State, federal award agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 10, 2011

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH *OMB CIRCULAR A-133***

Monroe Township
Licking County
9444 Woodhaven Road
Johnstown, Ohio 43031

Compliance

We have audited the compliance of Monroe Township with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Monroe Township's major federal programs for the year ended December 31, 2009. Monroe Township's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Monroe Township's management. Our responsibility is to express an opinion on the Monroe Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Monroe Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Monroe Township's compliance with those requirements.

In our opinion, Monroe Township complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

Management of Monroe Township is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered Monroe Township's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Monroe Township's internal control over compliance.

Internal Control Over Compliance (Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness, as defined above.

Schedule of Federal Award Expenditures

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregated remaining fund information of Monroe Township as of and for the year ended December 31, 2009, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 10, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The accompanying schedule of federal award expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information of the Township's management, fiscal officer, the Auditor of State, federal award agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 10, 2011

**MONROE TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A – 133 SECTION .505
DECEMBER 31, 2010**

1. AUDITOR'S RESULTS

<i>(d)(1)(I)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(II)</i>	Were there any other significant deficiencies In internal control reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(iii)</i>	Was there any reported non-compliance at the financial statement level (GAGAS)?	NO
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	NO
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies In internal control reported for major federal programs?	NO
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under section .510?	NO
<i>(d)(1)(vii)</i>	Major Programs (List):	Assistance to Firefighters, CFDA #97.044
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	NO

**MONROE TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A – 133 SECTION .505
DECEMBER 31, 2010**

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

FINDING NUMBER 2010-01

Material Weakness – Posting Amended Budgets

The Township should have procedures in place to prevent or detect material misstatements of financial information.

Estimated receipt amounts recorded in the Township’s accounting records did not agree with estimated receipts approved by the Board of Trustees and County Budget Commission as follows:

Year	Fund	Approved Amount	Amount In Accounting System	Variance
2010	General Fund	\$ 251,662	\$ 264,826	\$ 13,164
	MVL Tax Fund	8,627	8,700	73
	Gasoline Tax Fund	88,946	88,145	(801)
	Road & Bridge Fund	63,275	77,413	14,138
	Cemetery Fund	45,511	61,637	16,126
	Fire Levy Fund	2,155,882	1,417,137	(738,745)
	Misc. Special Rev.	74,315	148,000	73,685
	CP Fund 4902	8,332	-	(8,332)
	CP Fund 4904	6	100	94
	Permanent Fund	92	-	(92)
2009	General Fund	284,560	261,591	(22,969)
	MVL Tax Fund	8,696	8,700	4
	Gasoline Tax Fund	94,882	86,880	(8,002)
	Road & Bridge Fund	72,575	66,983	(5,592)
	Cemetery Fund	50,431	60,501	10,070
	Fire Levy Fund	1,000,937	2,564,441	1,563,504
	Misc. Special Rev.	4,838	73,940	68,652
	CP Fund 4902	3,664	8,308	4,644
	CP Fund 4904	471,253	-	(471,253)
Permanent Fund	213	100	(113)	

Failure to update budgets approved by the Trustees in the accounting system could result in inaccurate financial information from which Township operating decisions are made.

We recommend the Fiscal Officer accurately and timely post all estimated receipts approved by the Trustees and County Budget Commission in the accounting system.

The financial statements have been adjusted to reflect the approved estimated receipts.

Client Response: We agree with finding and will try to improve in the future.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

**MONROE TOWNSHIP
LICKING COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct			
Assistance to Firefighters Grant	EMW-2008-FV-06981	97.044	471,200
Staffing for Adequate Fire and Emergency Response	EMW-2007-FF-01149	97.083	<u>69,932</u>
Total U.S. Department of Homeland Security			<u>541,132</u>
Total Federal Awards Expenditures			<u><u>541,132</u></u>

See notes to Schedule of Federal Awards Expenditures.

**MONROE TOWNSHIP
LICKING COUNTY**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the Township's federal awards programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require the Township contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Township has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**MONROE TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2010**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-01	Posting budgeted receipts to computer	No	In current audit as Finding 2010-01

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Dave Yost • Auditor of State

MONROE TOWNSHIP

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 9, 2011**