



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MONROE TOWNSHIP  
MIAMI COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Monroe Township, Miami County, Ohio (the Township) as of and for the years ended December 31, 2017 and 2016.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Monroe Township, Miami County as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2019, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 29, 2019

**Monroe Township**  
*Miami County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2017*

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$308,603	\$857,582		\$1,166,185
Licenses, Permits and Fees	84,761	39,050		123,811
Intergovernmental	67,228	252,215		319,443
Special Assessments		19,040		19,040
Earnings on Investments	282	3	\$67	352
Miscellaneous	46,118	59,774		105,892
<i>Total Cash Receipts</i>	<u>506,992</u>	<u>1,227,664</u>	<u>67</u>	<u>1,734,723</u>
<b>Cash Disbursements</b>				
Current:				
General Government	401,201			401,201
Public Safety		256,157		256,157
Public Works	28,266	387,078		415,344
Health	1,520	92,988	67	94,575
Conservation-Recreation	6,000	512,877		518,877
Capital Outlay		18,403		18,403
<i>Total Cash Disbursements</i>	<u>436,987</u>	<u>1,267,503</u>	<u>67</u>	<u>1,704,557</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>70,005</u>	<u>(39,839)</u>		<u>30,166</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		60,000		60,000
Transfers Out	(60,000)			(60,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(60,000)</u>	<u>60,000</u>		<u>0</u>
<i>Net Change in Fund Cash Balances</i>	10,005	20,161		30,166
<i>Fund Cash Balances, January 1</i>	<u>179,015</u>	<u>379,338</u>	<u>13,500</u>	<u>571,853</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable			13,500	13,500
Restricted		399,499		399,499
Assigned	109,202			109,202
Unassigned	79,818			79,818
<i>Fund Cash Balances, December 31</i>	<u>\$189,020</u>	<u>\$399,499</u>	<u>\$13,500</u>	<u>\$602,019</u>

See accompanying notes to the basic financial statements.

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**Monroe Township**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Monroe Township, Miami County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection, emergency medical services, and park operations. The Township contracts with the City of Tipp City to provide fire and ambulance services.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

***Fund Accounting***

The Township uses funds 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. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported 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.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

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

***Tipp- Monroe Community Services Fund*** This fund receives property tax money which is remitted to Tipp-Monroe Community Services, Inc., a not for profit organization exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Service Code. The primary objective of Tipp-Monroe Community Services, Inc. is the provision of broad range of comprehensive educational, recreational, cultural and social service for the people of Tipp City and Monroe Township. Money collected and remitted to Tipp Monroe Community Services Inc., for the year ended December 31, 2017 was \$115,799.

**Monroe Township**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Tipp-Monroe Seniors Fund*** This fund receives property tax money beginning in 2016, which is remitted to Tipp City Seniors, Inc., a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code. The primary objective of the Tipp City Seniors Levy is the development of the building site, the construction of the building, and the operation of the building for the Tipp City Seniors, Inc. program. Tipp City Seniors, Inc. provides services and activities that improve the quality of life for senior citizens. Tipp City Seniors, Inc. was organized in 1969. Money collected and remitted to the Tipp City Seniors, Inc. for the year ended December 31, 2017 was \$397,078.

***Permanent Funds*** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following permanent fund:

***Cemetery Bequest Fund*** This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

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

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

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

**Monroe Township**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

A summary of 2017 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township has demand deposits and certificates of deposit. The Township does not have any investments.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**Monroe Township**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$506,992	\$506,992	
Special Revenue	1,287,664	1,287,664	
Permanent	67	67	
Total	\$1,794,723	\$1,794,723	

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$655,000	\$496,987	\$158,013
Special Revenue	1,392,652	1,267,503	125,149
Permanent	67	67	
Total	\$2,047,719	\$1,764,557	\$283,162

**Note 4 – Deposits and Investments**

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

Demand deposits	2017 \$288,519
Certificates of deposit	313,500
Total deposits	602,019

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Monroe Township**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

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**Note 5 – Property Taxes**

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

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

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

**Note 6 – Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System*

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

**Note 7 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

**Note 8 – Risk Management**

*Commercial Insurance*

The Township has obtained commercial insurance for the following risks:

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

**Monroe Township**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

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**Note 9 – Tipp-Monroe Community Services**

The Township levies a property tax for the purpose of supporting Tipp-Monroe Community Services, Inc., a not for profit organization exempt from federal income tax under 501(c)(3) of the Internal Revenue Service Code. The primary objective of Tipp-Monroe Community Service, Inc. is the provision of a broad range of comprehensive educational, recreational, cultural and social service for the people of Tipp City and Monroe Township. Further information regarding this organization can be obtained from Tipp-Monroe Community Services, Inc., 3 East Main Street, Tipp City, Ohio 45371, phone number (937) 667-8631, email: [tcms@tmcomservices.org](mailto:tcms@tmcomservices.org), Debra Jackson, President, Board of Trustees

The amount collected during 2017 on-behalf of Tipp-Monroe Community Services, Inc. was \$115,799. These amounts are reported as taxes and intergovernmental revenue in the special revenue funds. The associated payments are reported as Conservation-Recreation expenditures.

**Note 10 – Tipp City Seniors, Inc.**

The Township levies a property tax for the purpose of supporting Tipp City Seniors, Inc., a not for profit organization exempt from federal income tax under 501(c)(3) of the Internal Revenue Service Code. The primary objective of Tipp City Seniors levy is the development of the building site, the construction of the building, and the operation of the building for the Tipp City Seniors, Inc. program. The Tipp City Seniors, Inc. was organized in 1969 and provides services and activities that improve the quality of life for senior citizens. Further information regarding this organization can be obtained from Tipp City Seniors, Inc., 528 N. Hyatt Street, PO Box 376, Tipp City, Ohio 45371.

The amount collected during 2017 on-behalf of Tipp City Seniors, Inc. was \$397,078. These amounts are reported as taxes and intergovernmental revenue in the special revenue funds. The associated payments are reported as Conservation-Recreation expenditures.

**Note 11 – Subsequent Events**

Due to the passage of the Joint Fire and EMS Levy in the November 2016 Election, a new Fire & EMS Fund has been established effective January 1, 2018. This fund will replace the Fire District and EMS Funds. The 2 mill levy commences in 2017 for a period of 5 years, first due in calendar year 2018.

Voters also approved a 0.5 mill replacement levy for the Tipp Monroe Community Services, Inc., which commences in 2017 for a period of 5 years, first due in calendar year 2018.

**Monroe Township**  
*Miami County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2016*

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$286,530	\$833,093		\$1,119,623
Licenses, Permits and Fees	85,245	30,800		116,045
Intergovernmental	65,221	252,163		317,384
Special Assessments		19,200		19,200
Earnings on Investments	229	2	54	285
Miscellaneous	40,393	62,408		102,801
<i>Total Cash Receipts</i>	<u>477,618</u>	<u>1,197,666</u>	<u>54</u>	<u>1,675,338</u>
<b>Cash Disbursements</b>				
Current:				
General Government	384,683			384,683
Public Safety		283,834		283,834
Public Works	18,150	294,684		312,834
Health	1,309	94,326	54	95,689
Conservation-Recreation	786	507,824		508,610
Capital Outlay		18,401		18,401
<i>Total Cash Disbursements</i>	<u>404,928</u>	<u>1,199,069</u>	<u>54</u>	<u>1,604,051</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>72,690</u>	<u>(1,403)</u>		<u>71,287</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		55,000		55,000
Transfers Out	(55,000)			(55,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(55,000)</u>	<u>55,000</u>		<u>0</u>
<i>Net Change in Fund Cash Balances</i>	17,690	53,597		71,287
<i>Fund Cash Balances, January 1</i>	<u>161,325</u>	<u>325,741</u>	<u>13,500</u>	<u>500,566</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable			13,500	13,500
Restricted		379,338		379,338
Assigned	148,008			148,008
Unassigned	31,007			31,007
<i>Fund Cash Balances, December 31</i>	<u>\$179,015</u>	<u>\$379,338</u>	<u>\$13,500</u>	<u>\$571,853</u>

*See accompanying notes to the basic financial statements.*

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**Monroe Township**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 – Reporting Entity**

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

***Fund Accounting***

The Township uses funds 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. The funds of the Township are presented below:

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

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

***Tipp- Monroe Community Services Fund*** This fund receives property tax money which is remitted to Tipp-Monroe Community Services, Inc., a not for profit organization exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Service Code. The primary objective of Tipp-Monroe Community Services, Inc. is the provision of broad range of comprehensive educational, recreational, cultural and social service for the people of Tipp City and Monroe Township. Money collected and remitted to Tipp Monroe Community Services Inc., for the year ended December 31, 2016 was \$114,525.

**Monroe Township**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Tipp-Monroe Seniors Fund*** This fund receives property tax money beginning in 2016, which is remitted to Tipp City Seniors, Inc., a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code. The primary objective of the Tipp City Seniors Levy is the development of the building site, the construction of the building, and the operation of the building for the Tipp City Seniors, Inc. program. Tipp City Seniors, Inc. provides services and activities that improve the quality of life for senior citizens. Tipp City Seniors, Inc. was organized in 1969. Money collected and remitted to the Tipp City Seniors, Inc. for the year ended December 31, 2016 was \$393,299

***Permanent Funds*** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following permanent fund:

***Cemetery Bequest Fund*** This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

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

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

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

**Monroe Township**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

A summary of 2016 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township has demand deposits and a certificate of deposit. The Township does not have any investments.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**Monroe Township**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$477,618	\$477,618	
Special Revenue	1,252,666	1,252,666	
Permanent	54	54	
Total	\$1,730,338	\$1,730,338	

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$630,500	\$459,928	\$170,572
Special Revenue	1,337,924	1,199,069	138,855
Permanent	54	54	
Total	\$1,968,478	\$1,659,051	\$309,427

**Note 4 – Deposits and Investments**

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

Demand deposits	2016 \$558,353
Certificates of deposit	13,500
Total deposits	571,853

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**Monroe Township**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 5 – Property Taxes**

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

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

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

**Note 6 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**Note 7 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

**Note 8 – Risk Management**

***Commercial Insurance***

The Township has obtained commercial insurance for the following risks:

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

**Monroe Township**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 9 – Tipp-Monroe Community Services**

The Township levies a property tax for the purpose of supporting Tipp-Monroe Community Services, Inc., a not for profit organization exempt from federal income tax under 501(c)(3) of the Internal Revenue Service Code. The primary objective of Tipp-Monroe Community Service, Inc. is the provision of a broad range of comprehensive educational, recreational, cultural and social service for the people of Tipp City and Monroe Township. Further information regarding this organization can be obtained from Tipp-Monroe Community Services, Inc., 3 East Main Street, Tipp City, Ohio 45371, phone number (937) 667-8631, email: [tcms@tmcomservices.org](mailto:tcms@tmcomservices.org), Debra Jackson, President, Board of Trustees

The amount collected during 2016 on-behalf of Tipp-Monroe Community Services, Inc. was \$114,525. These amounts are reported as taxes and intergovernmental revenue in the special revenue funds. The associated payments are reported as Conservation-Recreation expenditures

**Note 10 – Tipp City Seniors, Inc.**

The Township levies a property tax for the purpose of supporting Tipp City Seniors, Inc., a not for profit organization exempt from federal income tax under 501(c)(3) of the Internal Revenue Service Code. The primary objective of Tipp City Seniors levy is the development of the building site, the construction of the building, and the operation of the building for the Tipp City Seniors, Inc. program. The Tipp City Seniors, Inc. was organized in 1969 and provides services and activities that improve the quality of life for senior citizens. Further information regarding this organization can be obtained from Tipp City Seniors, Inc., 528 N. Hyatt Street, PO Box 376, Tipp City, Ohio 45371.

The amount collected during 2016 on-behalf of Tipp City Seniors, Inc. was \$393,299. These amounts are reported as taxes and intergovernmental revenue in the special revenue funds. The associated payments are reported as Conservation-Recreation expenditures.

# OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Monroe Township, Miami County, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated January 29, 2019 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Township's Response to Finding***

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Township's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 29, 2019



**MONROE TOWNSHIP  
MIAMI COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-001**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, introduced five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

GASB Codification Section 1800 paragraphs 166 - 179 provide guidance on classification of governmental fund balances.

The Township did not implement the provisions of GASB 54 as the fund balance classifications for each fund type were not included on the Township's 2017 and 2016 financial statements. The accompanying financial statements have been adjusted to reflect the appropriate fund balance classifications.

In addition, the following misstatements were identified on the Township's financial statements:

- In 2017 and 2016, transfers in the amount of \$60,000 and \$55,000, respectively, from the General Fund to the Ambulance & EMS fund were classified as public safety disbursements instead of transfers out; and
- In 2017 and 2016, contract payments totaling \$193,287 and \$190,451, respectively, in the Ambulance & EMS fund were classified as transfers out instead of public safety disbursements.

The misstatements noted above are reflected in the accompanying financial statements and have been posted to the Township's accounting records.

Failure to correctly classify financial activity and balances in the accounting records and financial statements may impact the users' understanding of the financial operations, the Trustees' ability to make sound financial decisions, and could result in materially misstated reports.

The Township should implement procedures to provide for accurate and complete recording of financial activity and balances in the accounting records and financial statements to assist in the effective management and reporting of financial resources.

**Officials' Response:**

I am already working on corrections to the findings in the audit.

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# OHIO AUDITOR OF STATE KEITH FABER



**MONROE TOWNSHIP**

**MIAMI COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 28, 2019**