



**MONROE TOWNSHIP
PERRY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1998-1997



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Monroe Township
Perry County
P. O. Box 426
Corning, Ohio 43730

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Perry County, Ohio, (the Township) as of and for the years ended December 31, 1998 and December 31, 1997. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Monroe Township, Perry County, Ohio, as of December 31, 1998 and December 31, 1997, and its combined cash receipts and cash disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2000, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

February 15, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$ 11,596	\$ 65,764	\$77,360
Intergovernmental Receipts	49,375	97,915	147,290
All Other Receipts	<u>38,231</u>	<u>0</u>	<u>38,231</u>
Total Cash Receipts	99,202	163,679	262,881
Cash Disbursements:			
General Government	71,064	0	71,064
Public Safety	0	49,870	49,870
Public Works	0	41,793	41,793
Health	0	5,653	5,653
Capital Outlay	0	500	500
Bond Principal Retirement	0	24,600	24,600
Interest and Fiscal Charges	<u>0</u>	<u>3,869</u>	<u>3,869</u>
Total Cash Disbursements	<u>71,064</u>	<u>126,285</u>	<u>197,349</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	28,138	37,394	65,532
Fund Cash Balances, January 1	<u>12,447</u>	<u>8,650</u>	<u>21,097</u>
Fund Cash Balances, December 31	<u>\$40,585</u>	<u>\$ 46,044</u>	<u>\$86,629</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$ 10,674	\$ 60,520	\$71,194
Intergovernmental Receipts	<u>25,385</u>	<u>65,758</u>	<u>91,143</u>
Total Cash Receipts	36,059	126,278	162,337
Cash Disbursements:			
General Government	31,014	0	31,014
Public Safety	0	46,885	46,885
Public Works	0	61,895	61,895
Health	0	6,426	6,426
Capital Outlay	0	8,312	8,312
Bond Principal Retirement	0	8,200	8,200
Interest and Fiscal Charges	<u>0</u>	<u>1,800</u>	<u>1,800</u>
Total Cash Disbursements	<u>31,014</u>	<u>133,518</u>	<u>164,532</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	5,045	(7,240)	(2,195)
Fund Cash Balances, January 1	<u>7,402</u>	<u>15,890</u>	<u>23,292</u>
Fund Cash Balances, December 31	<u>\$12,447</u>	<u>\$ 8,650</u>	<u>\$21,097</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998-1997**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Monroe Township, Perry County, (The Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including maintenance of streets and fire protection.

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

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

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

C. CASH AND INVESTMENTS

The Township has one account and had no investments during our audit period.

D. FUND ACCOUNTING

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

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

Gasoline Tax Fund - This fund received gasoline tax monies to construct, maintain and repair Township roads.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund (except certain agency funds) 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998-1997
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETARY PROCESS (Continued)

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made.

Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 1998 and 1997 budgetary activity appears in Note 3.

F. PROPERTY, PLANT AND EQUIPMENT

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

2. EQUITY IN POOLED CASH

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

	<u>1998</u>	<u>1997</u>
Demand deposits	<u>\$86,629</u>	<u>\$21,097</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1998 and December 31, 1997 was as follows:

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$35,626	\$99,202	\$63,576
Special Revenue	<u>127,700</u>	<u>163,679</u>	<u>35,979</u>
Total	<u>\$163,326</u>	<u>\$262,881</u>	<u>\$99,555</u>

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998-1997
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Disbursements</u>	<u>Variance</u>
General	\$45,100	\$71,064	(\$25,964)
Special Revenue	<u>132,350</u>	<u>126,285</u>	<u>6,065</u>
Total	<u>\$177,450</u>	<u>\$197,349</u>	<u>(\$19,899)</u>

1997 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$36,777	\$36,059	(\$718)
Special Revenue	<u>127,240</u>	<u>126,278</u>	<u>(962)</u>
Total	<u>\$164,017</u>	<u>\$162,337</u>	<u>(\$1,680)</u>

1997 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Disbursements</u>	<u>Variance</u>
General	\$41,320	\$31,014	\$10,306
Special Revenue	<u>141,590</u>	<u>133,518</u>	<u>8,072</u>
Total	<u>\$182,910</u>	<u>\$164,532</u>	<u>\$18,378</u>

4. PROPERTY TAX

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998-1997
(Continued)

5. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1998 and 1997, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55 % of participants' gross salaries. The Township has paid all contributions required through December 31, 1998.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

7. DEBT

Debt outstanding at December 31, 1998, was as follows:

	Principal	Interest Rate
General Obligation Notes	<u>\$94,934</u>	5.75 to 7.5%

The General Obligation Notes were for a dump truck and a back hoe purchased in 1998. The original notes were for \$47,417 and \$49,517 respectively, with payments due annually.

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

Year ending <u>December 31:</u>	General Obligation <u>Notes</u>
1999	\$24,446
2000	23,354
2001	22,262
2002	21,170
2003	<u>20,079</u>
Total	<u>\$111,311</u>

8. YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the Township's operations as early as fiscal year 1999.

The Township has completed an inventory of computer systems and other equipment necessary to conducting Township operations:

Perry County collects property taxes for distribution to the Township. Perry County is responsible for remediating its tax collection system.

The State of Ohio distributes a substantial sum of money to the Township in the form of gasoline tax and motor vehicle tax payments. The State is responsible for remediating these systems.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998-1997
(Continued)

8. YEAR 2000 ISSUE (Continued)

To the best of managements knowledge and belief, as of February 15, 2000, the Township experienced no significant interruption of mission-critical operations or services related to the Year 2000 issue. However, because of the unprecedented nature of the Year 2000 issue, matters may yet arise, and parties with whom the Township does business may also experience Year 2000 readiness issues that are as yet, unknown.

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

Monroe Township
Perry County
P. O. 426
Corning, Ohio 43730

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Perry County, Ohio, (the Township), as of and for the years ended December 31, 1998 and December 31, 1997, and have issued our report thereon dated February 15, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 management of the Township in a separate letter dated February 15, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated February 15, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

February 15, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MONROE TOWNSHIP

PERRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 7, 2000**