

MONROE TOWNSHIP
LICKING COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPARreport@ohioauditor.gov
(800) 282-0370

Board of Trustees
Monroe Township
7621 Johnstown-Alexandria Road
Johnstown, Ohio 43031

We have reviewed the *Independent Auditor's Report* of the Monroe Township, Licking County, prepared by Julian & Grube, Inc., for the audit period January 1, 2019 through December 31, 2020. 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. The Monroe Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 20, 2021

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**MONROE TOWNSHIP
LICKING COUNTY, OHIO**

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Independent Auditor's Report

Monroe Township
Licking County
7621 Johnstown-Alexandria Road
Johnstown, Ohio 43031

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019, and related notes of Monroe Township, Licking County, Ohio.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), as described in Note 2. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Monroe Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Monroe Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Though Monroe 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 "Unmodified 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 Monroe Township, as of December 31, 2020 and 2019, and the respective changes in net position, thereof for the years then ended.

Unmodified 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 for each governmental fund type as of and for the years ended December 31, 2020 and 2019, and related notes of Monroe Township, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as described in Note 2.

Emphasis of Matters

As described in Note 11 to the financial statements, during 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of Monroe Township. As described in Note 13 to the financial statements, during 2020, Monroe Township adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. We did not modify our opinions regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2021, on our consideration of Monroe Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Monroe Township's 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 Monroe Township's internal control over financial reporting and compliance.



**MONROE TOWNSHIP
LICKING COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Governmental Fund Types					Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash receipts:						
Local Taxes	\$ 184,697	\$ 1,640,158	\$ 247,507	\$ -	\$ -	\$ 2,072,362
Intergovernmental	41,963	513,217	4,785	156,872	-	716,837
Special assessments	-	63,549	-	-	-	63,549
Charges for services	-	1,149,389	-	-	-	1,149,389
Licenses, permits and fees	26,465	-	-	-	-	26,465
Earnings on Investments	15,504	188	-	960	17	16,669
Miscellaneous	12,030	708,428	-	-	-	720,458
Total cash receipts	<u>280,659</u>	<u>4,074,929</u>	<u>252,292</u>	<u>157,832</u>	<u>17</u>	<u>4,765,729</u>
Cash disbursements:						
Current:						
General Government	219,807	-	3,563	-	-	223,370
Public Safety	-	2,962,452	-	-	-	2,962,452
Public Works	1,000	242,980	-	-	-	243,980
Health	12,458	47,284	-	-	-	59,742
Capital Outlay	-	230,167	-	4,406,822	-	4,636,989
Debt service:						
Principal Retirement	4,900	103,177	325,000	-	-	433,077
Interest & Fiscal Charges	-	33,377	159,857	29,257	-	222,491
Total cash disbursements	<u>238,165</u>	<u>3,619,437</u>	<u>488,420</u>	<u>4,436,079</u>	<u>-</u>	<u>8,782,101</u>
Excess of receipts over (under) disbursements	<u>42,494</u>	<u>455,492</u>	<u>(236,128)</u>	<u>(4,278,247)</u>	<u>17</u>	<u>(4,016,372)</u>
Other financing receipts/(disbursements):						
Proceeds from sale of bonds	-	-	-	1,700,000	-	1,700,000
Other uses	(97)	(18,792)	-	-	-	(18,889)
Total other financing receipts/(disbursements)	<u>(97)</u>	<u>(18,792)</u>	<u>-</u>	<u>1,700,000</u>	<u>-</u>	<u>1,681,111</u>
Net change in fund cash balances	42,397	436,700	(236,128)	(2,578,247)	17	(2,335,261)
Fund cash balances, January 1, 2020	<u>72,977</u>	<u>1,689,001</u>	<u>331,217</u>	<u>4,621,273</u>	<u>8,320</u>	<u>6,722,788</u>
Fund cash balances, December 31, 2020	<u>\$ 115,374</u>	<u>\$ 2,125,701</u>	<u>\$ 95,089</u>	<u>\$ 2,043,026</u>	<u>\$ 8,337</u>	<u>\$ 4,387,527</u>

THE NOTES TO THE FINANCIAL STATEMENT IS AN INTEGRAL PART OF THIS STATEMENT.

Monroe Township
Licking County
Notes to the Financial Statement
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Monroe Township, Licking 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 and emergency medical services.

The Township contracts with Jersey Township, Liberty Township, and McKean Township to provide fire services and to provide ambulance services.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 6 to the financial statement provides additional information for the risk pool. The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which are organized on a fund type basis.

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 Fund:

Fire Fund- The fire fund accounts for and reports tax restricted for fire department day to day business.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Fire Station Bond Retirement Fund- The fire station bond retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance the construction of a new fire station and administrative office.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

Fire Bond for Station Fund- The fire bond for station fund accounts for and reports other financing sources to pay for costs associated with the construction of a new township fire station and administrative office.

Monroe Township
Licking County
Notes to the Financial Statement
For the Year Ended December 31, 2020

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

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 significant permanent fund:

Cemetery Endowment Fund – The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

Basis of Accounting

This financial statement follows 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).

This statement includes 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 object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

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 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 carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Capital Assets

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

Monroe Township
Licking County
Notes to the Financial Statement
For the Year Ended December 31, 2020

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does 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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

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Monroe Township
Licking County
Notes to the Financial Statement
For the Year Ended December 31, 2020

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$276,688	\$280,659	\$3,971
Special Revenue	4,774,164	4,074,929	(699,235)
Debt Service	288,811	252,292	(36,519)
Capital Projects	1,861,749	1,857,832	(3,917)
Permanent	34	17	(17)
Total	\$7,201,446	\$6,465,729	(\$735,717)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$344,036	\$240,160	\$103,876
Special Revenue	5,943,028	3,742,342	2,200,686
Debt Service	488,857	488,419	438
Capital Projects	6,456,872	6,184,491	272,381
Permanent	0	0	0
Total	\$13,232,793	\$10,655,412	\$2,577,381

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$403,021
Certificates of deposit	8,337
Total deposits	411,358
STAR Ohio	3,976,171
Total investments	3,976,171
Total deposits and investments	\$4,387,529

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by the financial institution utilizing specific securities to collateralize deposits.

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Monroe Township
Licking County
Notes to the Financial Statement
For the Year Ended December 31, 2020

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

Note 6 – 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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2020, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA’s primary liability for claims payments on 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, 2020.

	2020
Assets	\$36,348,066
Liabilities	10,894,146
Net Position	\$25,453,920

Monroe Township
Licking County
Notes to the Financial Statement
For the Year Ended December 31, 2020

Note 6 – Risk Management- (Continued)

Based on discussions 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>2020 Contributions to OTARMA</u>
\$46,428

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.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All 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 postemployment 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, 2020.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2020</i>	<i>10%</i>	<i>14%</i>

Ohio Police and Fire Retirement System

The Township’s certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters’ wages. The Township has paid all contributions required through December 31, 2020.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OP&F- full time firefighters</i>	<i>2020</i>	<i>12.25%</i>	<i>24%</i>

Monroe Township
Licking County
Notes to the Financial Statement
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plans- (Continued)

Social Security

Intermittent fire department employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer 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 0 percent during calendar year 2019, portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

<u>Description</u>	<u>Fund</u>	<u>Fund</u> <u>Type</u>	<u>Interest</u> <u>Rate</u>	<u>2020</u>
Salt Building	Road & Bridge Fund	Special Revenue	4.65%	\$ 14,700
2015 Fire Truck	Fire Special Levy Fund	Special Revenue	3.44%	126,557
Administrative Building Bonds, Series 2019	Fire Station Bond Retirement Fund	Debt Service	4.00%	4,275,000
Township Emergency & Administrative Bonds, Series 2020	Fire Station Bond Retirement Fund	Debt Service	3.05%	1,700,000
2019 John Deere Excavator	Road & Bridge and Cemetery Fund	Special Revenue	5.50%	34,070
			Total	<u>\$ 6,150,327</u>

In 2013, a general obligation note in the amount of \$49,000 from the Heartland Bank was used to purchase a building for salt storage and related equipment for the Road and Bridge Fund. In 2020, the General Fund paid the principal amount while the Road and Bridge Fund paid the interest due. Payments are made annually with 4.65% interest. The note is collateralized by the building. Principal retirements during 2019 amounted to \$4,900.

In 2015, a general obligation note in the amount of \$85,000 from Heartland Bank was used to purchase a mower and related equipment from the Road and Bridge Fund. Payments are made annually with 3.25% interest. Principal retirements during 2020 amounted to \$17,000 and retired the issuance.

Monroe Township
Licking County
Notes to the Financial Statement
For the Year Ended December 31, 2020

Note 9 – Debt- (Continued)

In 2019, a general obligation bond in the amount of \$4,600,000 was issued for the construction of a fire station and administrative office. Payments are made annually with 4.00% interest from the Fire Station Bond Retirement Fund. Principal retirements during 2020 amounted to \$325,000.

In 2020, a general obligation bond in the amount of \$1,700,000 was issued for the construction of a fire station and administrative office. Payments are made annually with 3.05% interest from the Fire Station Bond Retirement Fund. Principal payments will start in 2021.

Leases

In 2015, a lease purchase agreement was entered into with Park National Bank, in the amount of \$500,000, for a new fire truck and related equipment from the Fire Special Levy Fund. In 2020, the Fire Special Levy Fund paid the principal and interest due. Payments are made annually with a 3.44% interest. Principal retirements during 2020 amounted to \$81,493.

In 2019, a lease purchase agreement was entered into with John Deere Credit, in the amount of \$45,567, for a excavator for the Road & Bridge and Cemetery Funds. In 2020, the Road & Bridge and Cemetery Funds paid the principal amount due. Payments are made annually with 5.50% interest. Principal retirements during 2020 amounted to \$4,683.

Amortization

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

Year Ending December 31:	Leases	General Obligation Note	General Obligation Bonds
2021	\$ 94,884	\$ 5,584	\$ 327,864
2022	49,731	5,356	303,434
2023	6,821	5,128	314,185
2024	6,821	-	314,584
2025	6,821	-	319,659
2026 - 2030	6,821	-	1,615,179
2031 - 2035	-	-	1,705,123
2036 -2040	-	-	1,710,968
2041 - 2045	-	-	1,665,544
2046 - 2048	-	-	737,150
Total	\$171,899	\$16,068	\$9,013,690

Note 10 – Contingent Liabilities

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Monroe Township
Licking County
Notes to the Financial Statement
For the Year Ended December 31, 2020

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Township received \$125,508 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

Note 12 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Permanent	Total
Outstanding Encumbrances	1,898	104,113	-	1,748,412	-	1,854,423
Total	<u>\$ 1,898</u>	<u>\$ 104,113</u>	<u>\$ -</u>	<u>\$ 1,748,412</u>	<u>\$ -</u>	<u>\$ 1,854,423</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. However, the Township did not have any fiduciary funds to report for 2020. Therefore, there was no effect to beginning cash balances.

**MONROE TOWNSHIP
LICKING COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Governmental Fund Types					Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash receipts:						
Local Taxes	\$ 169,626	\$ 1,595,907	\$ 283,892	\$ -	\$ -	\$ 2,049,425
Intergovernmental	41,127	524,246	2,842	-	-	568,215
Special assessments	-	69,436	-	-	-	69,436
Charges for services	-	1,247,687	-	-	-	1,247,687
Licenses, permits and fees	20,305	-	-	-	-	20,305
Earnings on Investments	31,539	571	-	310	17	32,437
Miscellaneous	14,184	99,774	-	-	-	113,958
Total cash receipts	276,781	3,537,621	286,734	310	17	4,101,463
Cash disbursements:						
Current:						
General Government	207,469	-	-	-	-	207,469
Public Safety	-	2,874,098	-	-	-	2,874,098
Public Works	-	241,704	-	-	-	241,704
Health	12,088	47,432	-	-	-	59,520
Capital Outlay	-	158,384	-	-	-	158,384
Debt service:						
Principal Retirement	4,900	102,557	-	-	-	107,457
Interest & Fiscal Charges	-	11,294	4,151	106,057	-	121,502
Total cash disbursements	224,457	3,435,469	4,151	106,057	-	3,770,134
Excess of receipts over (under) disbursements	52,324	102,152	282,583	(105,747)	17	331,329
Other financing receipts/(disbursements):						
Proceeds from sale of Bonds	-	-	-	4,600,000	-	4,600,000
Sale Premium on Bonds	-	-	48,634	106,057	-	154,691
Total other financing receipts/(disbursements)	-	-	48,634	4,706,057	-	4,754,691
Net change in fund cash balances	52,324	102,152	331,217	4,600,310	17	5,086,020
Fund cash balances, January 1, 2019	20,653	1,586,849	-	20,963	8,303	1,636,768
Fund cash balances December 31, 2019						
Restricted	-	1,689,001	331,217	4,621,273	8,320	6,649,811
Unassigned	72,977	-	-	-	-	72,977
Fund cash balances, December 31, 2019	\$ 72,977	\$ 1,689,001	\$ 331,217	\$ 4,621,273	\$ 8,320	\$ 6,722,788

THE NOTES TO THE FINANCIAL STATEMENT IS AN INTEGRAL PART OF THIS STATEMENT.

Monroe Township
Licking County
Notes to the Financial Statement
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Monroe Township, Licking 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 and emergency medical services.

The Township contracts with Jersey Township, Liberty Township, and McKean Township to provide fire services and to provide ambulance services.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 6 to the financial statement provides additional information for the risk pool. The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which are organized on a fund type basis.

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 Fund:

Fire Fund- The fire fund accounts for and reports tax restricted for fire department day to day business.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Fire Station Bond Retirement Fund- The fire station bond retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance the construction of a new fire station and administrative office.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

Fire Bond for Station Fund- The fire bond for station fund accounts for and reports other financing sources to pay for costs associated with the construction of a new township fire station and administrative office.

Monroe Township
Licking County
Notes to the Financial Statement
For the Year Ended December 31, 2019

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

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 significant permanent fund:

Cemetery Endowment Fund – The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

Basis of Accounting

This financial statement follows 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).

This statement includes 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 object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

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 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 carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Capital Assets

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

Monroe Township
Licking County
Notes to the Financial Statement
For the Year Ended December 31, 2019

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does 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*.

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.

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.

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Monroe Township
Licking County
Notes to the Financial Statement
For the Year Ended December 31, 2019

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$263,093	\$276,781	\$13,688
Special Revenue	3,053,333	3,537,621	484,288
Debt Service	201,185	335,368	134,183
Capital Projects	5,015,625	4,706,367	(309,258)
Permanent	17	17	0
Total	\$8,533,253	\$8,856,154	\$322,901

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$282,086	\$225,076	\$57,010
Special Revenue	4,621,234	3,676,558	944,676
Debt Service	105,269	4,151	101,118
Capital Projects	4,881,897	106,057	4,775,840
Permanent	0	0	0
Total	\$9,890,486	\$4,011,842	\$5,878,644

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2019
<i>Cash Management Pool:</i>	
Demand deposits	\$6,038,795
Certificates of deposit	8,320
Total deposits	6,047,115
STAR Ohio	675,672
Total investments	675,672
Total deposits and investments	\$6,722,787

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by the financial institution utilizing specific securities to collateralize deposits.

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Monroe Township
Licking County
Notes to the Financial Statement
For the Year Ended December 31, 2019

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

Note 6 – 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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2019, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA’s primary liability for claims payments on 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, 2019.

	2019
Assets	\$35,207,320
Liabilities	10,519,942
Net Position	\$24,687,378

Monroe Township
Licking County
Notes to the Financial Statement
For the Year Ended December 31, 2019

Note 6 – Risk Management- (Continued)

Based on discussions 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.

2019 Contributions to OTARMA
\$37,352

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.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All 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 postemployment 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, 2019.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2019</i>	<i>10%</i>	<i>14%</i>

Ohio Police and Fire Retirement System

The Township’s certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters’ wages. The Township has paid all contributions required through December 31, 2019.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OP&F- full time firefighters</i>	<i>2019</i>	<i>12.25%</i>	<i>24%</i>

Monroe Township
Licking County
Notes to the Financial Statement
For the Year Ended December 31, 2019

Note 7 – Defined Benefit Pension Plans- (Continued)

Social Security

Intermittent fire department employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer 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 0 percent during calendar year 2019, portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

<u>Description</u>	<u>Fund</u>	<u>Fund Type</u>	<u>Interest Rate</u>	<u>2019</u>
Salt Building	Road & Bridge Fund	Special Revenue	4.65%	\$ 19,600
Road Equipment	Road & Bridge Fund	Special Revenue	3.25%	17,000
2015 Fire Truck	Fire Special Levy Fund	Special Revenue	3.44%	208,050
2019 John Deere Excavator	Road & Bridge and Cemetery Funds	Special Revenue	5.50%	38,753
Administrative Building Bonds, Series 2019	Fire Station Bond Retirement Fund	Debt Service	4.00%	4,600,000
			Total	\$ 4,883,403

In 2013, a general obligation note in the amount of \$49,000 from the Heartland Bank was used to purchase a building for salt storage and related equipment for the Road and Bridge Fund. In 2019, the General Fund paid the principal amount while the Road and Bridge Fund paid the interest due. Payments are made annually with 4.65% interest. The note is collateralized by the building. Principal retirements during 2019 amounted to \$4,900.

In 2015, a general obligation note in the amount of \$85,000 from Heartland Bank was used to purchase a mower and related equipment from the Road and Bridge Fund. Payments are made annually with 3.25% interest. Principal retirements during 2019 amounted to \$17,000.

In 2019, a general obligation bond in the amount of \$4,600,000 was issued for the construction of a fire station and administrative office. Payments are made annually with 4.00% interest from the Fire Station Bond Retirement Fund. Payments will start in 2020.

Monroe Township
Licking County
Notes to the Financial Statement
For the Year Ended December 31, 2019

Note 9 – Debt- (Continued)

Leases

In 2015, a lease purchase agreement was entered into with Park National Bank, in the amount of \$500,000, for a new fire truck and related equipment from the Fire Special Levy Fund. In 2019, the Fire Special Levy Fund paid the principal and interest due. Payments are made annually with a 3.44% interest. Principal retirements during 2019 amounted to \$78,743.

In 2019, a lease purchase agreement was entered into with John Deere Credit, in the amount of \$45,567, for a excavator for the Road & Bridge and Cemetery Funds. In 2019, the Road & Bridge and Cemetery Funds paid the principal amount due. Payments are made annually with 5.50% interest. Principal retirements during 2019 amounted to \$6,814.

Amortization

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

Year Ending December 31:	Leases	General Obligation Notes	General Obligation Bond
2020	\$94,855	\$23,088	\$484,857
2021	94,884	5,584	206,700
2022	49,731	5,356	209,100
2023	6,821	5,128	211,300
2024	6,821	-	218,300
2025 - 2029	13,642	-	1,111,700
2030 - 2034	-	-	1,206,100
2035 -2039	-	-	1,221,000
2040 - 2044	-	-	1,228,750
2045 - 2048	-	-	984,600
Total	\$266,754	\$39,156	\$7,082,407

Note 10 – Contingent Liabilities

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township’s financial condition.

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Monroe Township
Licking County
7621 Johnstown-Alexandria Road
Johnstown, Ohio 43031

To the Board of Trustees:

We have audited, in accordance with the 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, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type of Monroe Township, Licking County, Ohio, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated June 21, 2021, wherein we noted as described in Note 2 to the financial statements, Monroe Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. As described in Note 11 to the financial statements, during 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of Monroe Township. As described in Note 13 to the financial statements, during 2020 Monroe Township adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Monroe Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Monroe Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Monroe Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Monroe Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe Township's financial statements are free from 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 financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Monroe Township's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Monroe Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monroe Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
June 21, 2021

**MONROE TOWNSHIP
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-001

Financial Reporting – Material Weakness:

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions.

In order to properly state financial statement amounts, certain adjustments were made to the Townships financial statements and related notes for the years ended December 31, 2020 and 2019.

In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made. The present system lacks fiscal oversight and approvals and fails to meet the above expectations.

We recommend the Township implement additional internal controls to help ensure receipts and disbursements are properly recorded and reflected in the Township’s records. We further recommend the Township implement additional internal controls over financial reporting to help ensure accurate financial reports throughout the year and at year end. We also recommend the Township consult their auditors, local government services or UAN for proper posting of transactions if questions arise.

Client Response: The Township will attempt to properly post all transactions in the future. The Fiscal Officer will consult the Township Handbook and/or a consulting firm when unusual/or infrequent transactions occur. Further, the Township will consider obtaining an additional review of financial statements and notes prior to submitting to the Hinkle system.

**MONROE TOWNSHIP
LICKING COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020 AND 2019**

Finding Number	Year Initially Occurred	Finding Summary	Fully Corrected?	Additional Information
2018-001	2012	<u>Financial Reporting - Material Weakness</u> - The Township had audit adjustments necessary to properly record activity in 2018.	No	Repeated as finding 2020-001; Audit adjustments were necessary in 2020 and 2019.

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OHIO AUDITOR OF STATE KEITH FABER



MONROE TOWNSHIP

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/2/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov