



Mary Taylor, CPA  
Auditor of State



MONROE TOWNSHIP  
HARRISON COUNTY

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**Mary Taylor, CPA**  
Auditor of State

Monroe Township  
Harrison County  
PO Box 249  
Bowerston, Ohio 44695-0249

To the Board of Trustees:

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

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

July 14, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Monroe Township  
Harrison County  
PO Box 249  
Bowerston, Ohio 44695-0249

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Harrison County, (the Township) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Monroe Township, Harrison County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

July 14, 2008



**MONROE TOWNSHIP  
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

|  | <u>Governmental Fund Types</u> |                            |                        | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|--------------------------------|----------------------------|------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Permanent</u>       |   |
| <b>Cash Receipts:</b>                            |                                |                            |                        |   |
| Property and Other Local Taxes                   | \$15,136                       | \$79,567                   |                        | \$94,703                                |
| Intergovernmental                                | 14,356                         | 123,460                    |                        | 137,816                                 |
| Earnings on Investments                          | 2,473                          | 2,054                      | \$461                  | 4,988                                   |
| Miscellaneous                                    | 2,259                          | 5,309                      |                        | 7,568                                   |
| <b>Total Cash Receipts</b>                       | <u>34,224</u>                  | <u>210,390</u>             | <u>461</u>             | <u>245,075</u>                          |
| <b>Cash Disbursements:</b>                       |                                |                            |                        |   |
| Current:   |                                |                            |                        |   |
| General Government                               | 30,790                         | 13,759                     |                        | 44,549                                  |
| Public Safety                                    |                                | 31,779                     |                        | 31,779                                  |
| Public Works                                     | 1,275                          | 128,854                    |                        | 130,129                                 |
| Health   | 1,111                          |                            |                        | 1,111                                   |
| Capital Outlay                                   |                                | 279                        |                        | 279                                     |
| Debt Service:                                    |                                |                            |                        |   |
| Redemption of Principal                          |                                | 9,609                      |                        | 9,609                                   |
| Interest and Other Fiscal Charges                |                                | 989                        |                        | 989                                     |
| <b>Total Cash Disbursements</b>                  | <u>33,176</u>                  | <u>185,269</u>             |                        | <u>218,445</u>                          |
| <b>Total Receipts Over/(Under) Disbursements</b> | <u>1,048</u>                   | <u>25,121</u>              | <u>461</u>             | <u>26,630</u>                           |
| Fund Cash Balances, January 1                    | <u>7,719</u>                   | <u>77,585</u>              | <u>17,452</u>          | <u>102,756</u>                          |
| <b>Fund Cash Balances, December 31</b>           | <u><b>\$8,767</b></u>          | <u><b>\$102,706</b></u>    | <u><b>\$17,913</b></u> | <u><b>\$129,386</b></u>                 |

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

**MONROE TOWNSHIP  
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|   | <u>Governmental Fund Types</u> |                            |                        | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|--------------------------------|----------------------------|------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Permanent</u>       |   |
| <b>Cash Receipts:</b>   |                                |                            |                        |   |
| Property and Other Local Taxes  | \$14,681                       | \$74,127                   |                        | \$88,808                                |
| Licenses, Permits, and Fees   |                                |                            | \$2,000                | 2,000                                   |
| Intergovernmental   | 13,470                         | 113,798                    |                        | 127,268                                 |
| Earnings on Investments   | 245                            | 116                        | 300                    | 661                                     |
| Miscellaneous   | 1,167                          | 8,857                      | 100                    | 10,124                                  |
| <b>Total Cash Receipts</b>  | <u>29,563</u>                  | <u>196,898</u>             | <u>2,400</u>           | <u>228,861</u>                          |
| <b>Cash Disbursements:</b>  |                                |                            |                        |   |
| Current:  |                                |                            |                        |   |
| General Government  | 26,665                         | 12,302                     |                        | 38,967                                  |
| Public Safety   |                                | 32,566                     |                        | 32,566                                  |
| Public Works  | 1,300                          | 112,470                    | 1,000                  | 114,770                                 |
| Health  | 1,131                          | 117                        |                        | 1,248                                   |
| Capital Outlay  |                                | 3,483                      |                        | 3,483                                   |
| Debt Service:   |                                |                            |                        |   |
| Redemption of Principal   |                                | 9,261                      |                        | 9,261                                   |
| Interest and Other Fiscal Charges   |                                | 1,337                      |                        | 1,337                                   |
| <b>Total Cash Disbursements</b>   | <u>29,096</u>                  | <u>171,536</u>             | <u>1,000</u>           | <u>201,632</u>                          |
| <b>Total Receipts Over/(Under) Disbursements</b>  | <u>467</u>                     | <u>25,362</u>              | <u>1,400</u>           | <u>27,229</u>                           |
| <b>Other Financing Receipts / (Disbursements):</b>  |                                |                            |                        |   |
| Other Financing Uses  |                                |                            | (2,000)                | (2,000)                                 |
| <b>Total Other Financing Receipts / (Disbursements)</b>   |                                |                            | <u>(2,000)</u>         | <u>(2,000)</u>                          |
| <b>Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements</b> | 467                            | 25,362                     | (600)                  | 25,229                                  |
| <b>Fund Cash Balances, January 1</b>  | <u>7,252</u>                   | <u>52,223</u>              | <u>18,052</u>          | <u>77,527</u>                           |
| <b>Fund Cash Balances, December 31</b>  | <u><b>\$7,719</b></u>          | <u><b>\$77,585</b></u>     | <u><b>\$17,452</b></u> | <u><b>\$102,756</b></u>                 |

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

**MONROE TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Monroe Township, Harrison 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, and general government services. The Township contracts with the Bowerston Volunteer Fire Department to provide fire services.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Investments**

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

The Township values certificates of deposit at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

**MONROE TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

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

**3. Permanent Funds**

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant 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.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**MONROE TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**2. EQUITY IN POOLED CASH**

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

|                         | 2007      | 2006      |
|-------------------------|-----------|-----------|
| Demand deposits         | \$121,573 | \$95,404  |
| Certificates of deposit | 7,813     | 7,352     |
| Total deposits          | \$129,386 | \$102,756 |

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
|-----------------|----------------------|--------------------|----------|
| General         | \$27,619             | \$34,224           | \$6,605  |
| Special Revenue | 159,767              | 210,390            | 50,623   |
| Permanent       |                      | 461                | 461      |
| Total           | \$187,386            | \$245,075          | \$57,689 |

2007 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type       | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
|-----------------|----------------------------|---------------------------|----------|
| General         | \$39,771                   | \$33,176                  | \$6,595  |
| Special Revenue | 222,016                    | 185,269                   | 36,747   |
| Permanent       | 9,000                      |                           | 9,000    |
| Total           | \$270,787                  | \$218,445                 | \$52,342 |

2006 Budgeted vs. Actual Receipts

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
|-----------------|----------------------|--------------------|----------|
| General         | \$25,400             | \$29,563           | \$4,163  |
| Special Revenue | 155,647              | 196,898            | 41,251   |
| Permanent       |                      | 2,400              | 2,400    |
| Total           | \$181,047            | \$228,861          | \$47,814 |

**MONROE TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. BUDGETARY ACTIVITY - (Continued)**

| 2006 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |          |
|---|----------------------------|---------------------------|----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
| General   | \$34,000                   | \$29,096                  | \$4,904  |
| Special Revenue                                       | 197,120                    | 171,536                   | 25,584   |
| Permanent   | 10,000                     | 3,000                     | 7,000    |
| Total   | \$241,120                  | \$203,632                 | \$37,488 |

**4. PROPERTY TAX**

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.

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

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

**5. DEBT**

Debt outstanding at December 31, 2007 was as follows:

|                          | Principal | Interest Rate |
|--------------------------|-----------|---------------|
| General Obligation Notes | \$15,344  | 4.40%         |

The Township issued a general obligation note to purchase a tractor/loader. The note was issued on June 20, 2005 in the amount of \$38,755 for 4 years. The note is to be retired with 48 monthly payments of \$883 beginning on July 20, 2005 and ending June 20, 2009. The note is collateralized by the Township's taxing authority.

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

| Year ending December 31: | General<br>Obligation<br>Notes |
|--------------------------|--------------------------------|
| 2008                     | \$10,596                       |
| 2009                     | 5,298                          |
| Total                    | \$15,894                       |

**MONROE TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**6. RETIREMENT SYSTEM**

Township 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. For 2007 and 2006, OPERS members contributed 9.5 and 9%, respectively, of their gross salaries and the Township contributed an amount equaling 13.85 and 13.7%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

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

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# Mary Taylor, CPA

Auditor of State

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

Monroe Township  
Harrison County  
PO Box 249  
Bowerston, Ohio 44695-0249

To the Board of Trustees:

We have audited the financial statements of Monroe Township, Harrison County (the Township) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated July 14, 2008 wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated July 14, 2008.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 14, 2008.

We intend this report solely for the information and use of the audit committee, management and the Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

July 14, 2008

MONROE TOWNSHIP  
HARRISON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-001

**Ohio Revised Code Section 5705.41(D)** provides that no subdivision shall make any contract of give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively of the Ohio Revised Code.

1. **Then and Now Certificate** – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Township Board of Trustees if such expenditure is otherwise valid.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be, limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line item appropriation in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extent beyond the current year. More than one super blanket may be outstanding a particular time for any line item appropriation.

The Township did not certify the amount against the applicable appropriation accounts for 51% of tested expenditures in both 2006 and 2007. The Township did not utilize the certification exceptions described above for those expenditures lacking prior certification.

Failure to certify the availability of funds and encumber appropriations could result in overspending in negative cash balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Fiscal Officer should certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

The Township should certify purchases to which section Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code Section 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

#### **FINDING NUMBER 2007-002**

##### **Significant Deficiency/Material Weakness**

The Township did not correctly code and classify receipts and expenditures. As a result, errors occurred including the misposting of intergovernmental revenue and debt principal payments in 2007, resulting in reclassifications to the financial statements of \$8,212 and \$10,598, respectively. The Township Fiscal Officer has agreed to the reclassifications and these corrected amounts are reflected in the accompanying financial statements.

Failure to consistently follow a uniform chart of accounts increases the possibility that the Township will not be able to identify, assemble, analyze, classify, record and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. The Township Fiscal Officer should maintain the accounting system to enable the Township to identify, assemble, analyze, classify, record and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Township is accurately recorded and reported. In addition, the Township should adopt procedures for the review of posting of transactions and subsequent posting to the financial statements.

##### **Officials' Response:**

We did not receive a response from officials to the findings reported above.

MONROE TOWNSHIP  
HARRISON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 and 2006

| Finding Number | Finding Summary  | Fully Corrected?    | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b> |
|----------------|--|---------------------|--|
| 2005-001       | ORC Section 5705.41(B)<br>Expenditures exceeded Appropriations | Partially Corrected | Reissued in Management Letter  |





**Mary Taylor, CPA**  
Auditor of State

**MONROE TOWNSHIP**

**HARRISON 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  
OCTOBER 7, 2008**