

**MONROE TOWNSHIP**

**RICHLAND COUNTY**

**JANUARY 1, 2009 TO DECEMBER 31, 2010**

**AGREED UPON PROCEDURES**





# Dave Yost • Auditor of State

Board of Trustees  
Monroe Township  
P.O. Box 503  
Lucas, Ohio 44843

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Monroe Township, Richland County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

## Findings for Recovery:

### Finding 2010-001

**Ohio Rev. Code Section 505.24** specifies the compensation requirements for township trustees based upon the township's annual budget. Pursuant to this statute, the trustee pay rate for a township with a budget of \$750,000 to \$1,500,000 is \$51.44 daily, not to exceed 200 days per year, which amounts to \$10,288 annually. The Township's 2009 Certificate of Estimated Resources for all funds amounted to \$1,488,863 placing the Township in the \$750,000 to \$1,500,000 budget compensation tier. Township trustee, Michael Switzer's pay, however, was based on the \$1,500,001 to \$3,500,000 tier (\$11,318 annually) resulting in overpayments to him in the amount \$1,029.92.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended has been issued against Michael Switzer and his bonding company, Ohio Government Risk Management Plan, jointly and severally, in the amount of \$1,029, and in favor of Monroe Township, Richland County, Ohio's General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Township Officers signed the warrants resulting in improper payments. Township trustees, Merle Fulton and Rick Harvey, and Fiscal Officer Brigitte Banks, and their respective bonding companies, Ohio Government Risk Management Plan and Selective Insurance Company, will be jointly and severally liable in the amount of \$1,029 and in favor of the Monroe Township General Fund to the extent that recovery is not obtained from Michael Switzer.

### **Finding 2010-002**

**Ohio Rev. Code Section 505.24** specifies the compensation requirements for township trustees based upon the township's annual budget. Pursuant to this statute, the trustee pay rate for a township with a budget of \$750,000 to \$1,500,000 is \$51.44 daily, not to exceed 200 days per year, which amounts to \$10,288 annually. The Township's 2009 Certificate of Estimated Resources for all funds amounted to \$1,488,863 placing the Township in the \$750,000 to \$1,500,000 budget compensation tier. Township trustee, Rick Harvey's pay, however, was based on the \$1,500,001 to \$3,500,000 tier (\$11,318 annually) resulting in overpayments to him in the amount \$1,029.92.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended has been issued against Rick Harvey and his bonding company, Ohio Government Risk Management Plan, jointly and severally, in the amount of \$1,029, and in favor of Monroe Township, Richland County, Ohio's General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Township Officers signed the warrants resulting in improper payments. Township trustees Michael Switzer and Merle Fulton, and Fiscal Officer Brigitte Banks, and their respective bonding companies, Ohio Government Risk Management Plan and Selective Insurance Company, will be jointly and severally liable in the amount of \$1,029 and in favor of the Monroe Township General Fund to the extent that recovery is not obtained from Rick Harvey.

### **Finding 2010-003**

**Ohio Rev. Code Section 505.24** specifies the compensation requirements for township trustees based upon the township's annual budget. Pursuant to this statute, the trustee pay rate for a township with a budget of \$750,000 to \$1,500,000 is \$51.44 daily, not to exceed 200 days per year, which amounts to \$10,288 annually. The Township's 2009 Certificate of Estimated Resources for all funds amounted to \$1,488,863 placing the Township in the \$750,000 to \$1,500,000 budget compensation tier. Township trustee, Merle Fulton's pay, however, was based on the \$1,500,001 to \$3,500,000 tier (\$11,318 annually) resulting in overpayments to him in the amount \$1,029.92.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended has been issued against Merle Fulton and his bonding company, Ohio Government Risk Management Plan, jointly and severally, in the amount of \$1,029, and in favor of Monroe Township, Richland County, Ohio's General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Township Officers signed the warrants resulting in improper payments. Township trustees Michael Switzer and Rick Harvey, and Fiscal Officer Brigitte Banks, and their respective bonding companies, Ohio Government Risk Management Plan and Selective Insurance Company, will be jointly and severally liable in the amount of \$1,029 and in favor of the Monroe Township General Fund to the extent that recovery is not obtained from Merle Fulton.

### **Finding 2010-004**

**Ohio Rev. Code Section 507.09** specifies the compensation requirements for township fiscal officers based upon the township's annual budget. Pursuant to this statute, the fiscal officer's pay rate for a township with a budget of \$750,000 to \$1,500,000 is \$16,977 annually. The Township's 2009 Certificate of Estimated Resources for all funds amounted to \$1,488,863 placing the Township in the \$750,000 to \$1,500,000 budget compensation tier. The Township fiscal officer's pay, however, was based on the \$1,500,001 to \$3,500,000 tier (\$19,806 annually) resulting in overpayments to the Fiscal Officer in the amount \$2,829.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended has been issued against Brigette Banks and her bonding company, Selective Insurance Company of America, jointly and severally, in the amount of \$2,829, and in favor of Monroe Township, Richland County, Ohio's General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Township Officers signed the warrants resulting in improper payments. Township trustees Michael Switzer and Rick Harvey, and Merle Fulton, and their respective bonding companies, Ohio Government Risk Management Plan, will be jointly and severally liable in the amount of \$2,829 and in favor of the Monroe Township General Fund to the extent that recovery is not obtained from Brigette Banks.

**Officials' Response for Findings 2010-001 through 2010-004:** The overpayment on the salaries for the Fiscal Officer and Trustees in 2009 has been noted. The Fiscal Officer and Trustees are paying it back through payroll reduction of wages throughout the rest of 2011. The Fiscal Officer divided the amount owed back by 11 and has deducted that amount from the gross wages for the rest of 2011. The former Trustee is aware that he owes the money back and understands the reason.

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



Dave Yost  
Auditor of State

April 4, 2011

**This Page is Intentionally Left Blank.**

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

---

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

Monroe Township  
Richland County  
P.O. Box 503  
Lucas, OH 44843

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Monroe Township, Richland County (the Township) and the Auditor of State agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2010 and 2009, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

***Cash and Investments***

1. We tested the mathematical accuracy of the December 31, 2010 and December 31, 2009 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2009 beginning fund balances recorded in the Fund Status Report to the December 31, 2008 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2010 and 2009 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2010 bank account balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2010 bank reconciliation without exception.
5. We selected five outstanding checks haphazardly from the December 31, 2010 bank reconciliation:
  - a. We traced each check to the debit appearing in the subsequent January bank statement. We found one outstanding check that had not cleared as of the end of fieldwork.
  - b. We traced the amounts and date written to the check register, to determine the checks were dated prior to December 31. We noted no exceptions.



6. We tested investments held at December 31, 2010 and December 31, 2009 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

#### Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the *Statement*) for 2010 and one from 2009:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included the proper number of tax receipts for 2010 and 2009:
  - a. Two personal property tax receipts
  - b. Two real estate tax receipts

We noted the Receipts Register Report included the proper number of tax settlement receipts for each year, with the exception of only one personal property tax receipt in 2010. This was verified proper with the county auditor.

3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2010 and five from 2009.
  - a. We compared the amount from the DTL to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

#### Debt

1. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of bonded or note debt issued during 2010 or 2009 or outstanding as of December 31, 2010 or 2009. We noted no new debt issuances, nor any debt payment activity during 2010 or 2009.

#### Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2010 and one payroll check for five employees from 2009 from the Payroll Register Detail and determined whether the following information in the employees' personnel files and minute record was consistent with the information used to compute gross and net pay related to this check:

- a. Name
- b. Authorized salary or pay rate
- c. Department(s) and fund(s) to which the check should be charged.
- d. Retirement system participation and payroll withholding.
- e. Federal, State & Local income tax withholding authorization and withholding.
- f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

2. We tested the checks we selected in step 1, as follows:
  - a. We compared the hours and pay rate, or salary amount used in computing gross pay to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found exceptions in 2009, as the Trustees and Fiscal Officer were paid at a higher rate that statutorily allowed. The Trustees were each overpaid by \$1,030 and the Fiscal Officer was overpaid by \$2,829.
  - b. We determined whether the fund and account code(s) to which the check was posted was reasonable based on the employees' duties as documented in the employees' personnel files and minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.
3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2010 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2010. We noted the following:

Withholding	Date Due	Date Paid	Amount Withheld	Amount Paid
Federal income taxes	January 31, 2011	12/30/2010	\$311.58	\$311.58
State income taxes	January 15, 2011	12/31/2010	\$428.21	\$428.21
OPERS retirement (withholding plus employee share)	January 30, 2011	12/31/2010	\$1,192.77	\$1,192.77

4. For the pay periods ended November 15, 2009 and April 14, 2010, we compared documentation and the recomputation supporting the allocation of Board salaries to the General Fund. We found no exceptions.

#### Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2010 and ten from the year ended 2009 and determined whether:
  - a. The disbursements were for a proper public purpose. We found no exceptions.
  - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.

- d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found nine instances where the certification date was after the vendor invoice date. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should precede the invoice date.

#### Compliance – Budgetary

1. We compared the total from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Gasoline Tax and Permissive Sales Tax Funds for the years ended December 31, 2010 and 2009. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$78,959 for 2010 and \$99,035 for 2009. However, the final *Amended Official Certificate of Estimated Resources* reflected \$73,404 for 2010 and \$90,134 for 2009. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General, Gasoline Tax and Permissive Sales Tax Funds, the Trustees appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2010 and 2009 for the following funds: General Fund, Gasoline Tax Fund and Permissive Sales Tax Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Gasoline Tax and Permissive Sales Tax Funds for the years ended December 31, 2010 and 2009. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2010 and 2009 for the General, Gasoline Tax and Permissive Sales Tax Funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2010 and 2009. We also inquired of management regarding whether the Township received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.

7. We scanned the 2010 and 2009 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$1 which Ohio Rev. Code Sections 5705.14 -- .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Township did not establish these reserves.

#### Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2010 and 2009 for procurements requiring competitive bidding under the following statutes:
  - a. Materials, machinery and tools used in constructing, maintaining and repairing roads and culverts, where costs exceeded \$25,000. (Ohio Rev. Code Section 5549.21)
  - b. Construction and erection of a memorial building or monument costs exceeding \$25,000 (Ohio Rev. Code Section 511.12)
  - c. Equipment for fire protection and communication costs exceeding \$50,000 (Ohio Rev. Code Sections 505.37 to 505.42)
  - d. Street lighting systems or improvement costs exceeding \$25,000 (Ohio Rev. Code Section 515.07)
  - e. Building modification costs exceeding \$25,000 to achieve energy savings (Ohio Rev. Code Section 505.264)
  - f. Private sewage collection tile costs exceeding \$25,000 (Ohio Rev. Code Sections 521.02 to 521.05)
  - g. Fire apparatus, mechanical resuscitators, other fire equipment, appliances, materials, fire hydrants, buildings, or fire-alarm communications equipment or service costs exceeding \$50,000 (Ohio Rev. Code Section 505.37(A))

We identified two road projects exceeding \$25,000, subject to Ohio Rev. Code Section 515.07. For these projects, we noted that the Board advertised the project in a local newspaper, and selected the lowest responsible bidder.

2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2010 and 2009 to determine if the township had road construction projects exceeding \$45,000 for which Ohio Rev. Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.
3. For the road maintenance projects described in step 1 above, we read the contracts and noted that they required the contractor to pay prevailing wages to their employees as required by Ohio Rev. Code Sections 4115.04 and 4115.05. The contract included the Ohio Department of Commerce's schedule of prevailing rates.

*Management's Responses:*

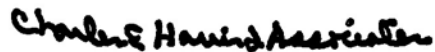
The overpayment on the salaries for the Fiscal Officer and Trustees in 2009 has been noted. The Fiscal Officer and Trustees are paying it back through payroll reduction of wages through the rest of 2011. The Fiscal Officer divided the amount owed back by 11 and has deducted that amount from the gross wages for the rest of 2011. The former Trustee is aware that he owes the money back and understands the reason.

The Fiscal Officer has implemented a new purchasing policy that came into effect February 17, 2011 by motion of the Board of Trustees.

The Fiscal Officer will periodically compare amounts recorded on the revenue status report and the amended certificate of estimated resources to make sure they agree.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and those charged with governance and the Auditor of State and is not intended to be, and should not be used by anyone other than these specified parties.



*Charles E. Harris & Associates, Inc.*  
February 25, 2011

**This Page is Intentionally Left Blank.**



# Dave Yost • Auditor of State

**MONROE TOWNSHIP**

**RICHLAND 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  
APRIL 14, 2011**