

**MONROE TOWNSHIP
GUERNSEY COUNTY**

AUDIT REPORT

JANUARY 1, 2014 - DECEMBER 31, 2015



Dave Yost • Auditor of State

Board of Township Trustees
Monroe Township
12345 Ash Road
Newcomerstown, Ohio 43832

We have reviewed the *Independent Auditors' Report* of Monroe Township, Guernsey County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2014 through December 31, 2015. 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. Monroe Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 14, 2016

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**MONROE TOWNSHIP
GUERNSEY COUNTY
JANUARY 1, 2014 - DECEMBER 31, 2015**

TABLE OF CONTENTS

Table of Contents	(i)
Independent Auditors' Report	1-2
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2015	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2014	4
Notes to the Financial Statements	5-10
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards.	11
Schedule of Audit Findings	13
Schedule of Prior Audit Findings	17

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Monroe Township
Guernsey County
12345 Ash Road
Newcomerstown, Ohio 43832

To the Township Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, disbursements by fund type and related notes of the Monroe Township, Guernsey County, as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility For the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Monroe Township, Guernsey County as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Monroe Township, Guernsey County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 1, 2016, on our consideration of Monroe Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
August 1, 2016

**MONROE TOWNSHIP
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 32,991	\$ 21,530	\$ -	\$ -	\$ 54,521
Licenses, Permits and Fees	1,940	-	-	-	1,940
Intergovernmental	14,422	82,382	-	6,069	102,873
Special Assessments	-	-	13,729	-	13,729
Miscellaneous	-	200	-	-	200
Total Cash Receipts	<u>49,353</u>	<u>104,112</u>	<u>13,729</u>	<u>6,069</u>	<u>173,263</u>
Cash Disbursements:					
Current:					
General Government	24,723	8,450	-	-	33,173
Public Safety	-	20,428	-	-	20,428
Public Works	2,630	93,643	-	2,916	99,189
Health	-	405	-	-	405
Capital Outlay	638	-	-	-	638
Debt Service:					
Principal Retirement	3,080	-	12,115	-	15,195
Interest and Fiscal Charges	235	-	1,614	-	1,849
Total Cash Disbursements	<u>31,306</u>	<u>122,926</u>	<u>13,729</u>	<u>2,916</u>	<u>170,877</u>
Net Change in Fund Cash Balance	18,047	(18,814)	-	3,153	2,386
Fund Cash Balances, January 1	<u>20,848</u>	<u>73,577</u>	<u>650</u>	<u>1,854</u>	<u>96,929</u>
Fund Cash Balances, December 31					
Committed	-	39,095	-	-	39,095
Restricted	-	15,668	650	5,007	21,325
Unassigned (Deficit)	38,895	-	-	-	38,895
Fund Cash Balances, December 31	<u>\$ 38,895</u>	<u>\$ 54,763</u>	<u>\$ 650</u>	<u>\$ 5,007</u>	<u>\$ 99,315</u>

See notes to financial statements.

**MONROE TOWNSHIP
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 31,405	\$ 20,649	\$ -	\$ -	\$ 52,054
Licenses, Permits and Fees	4,144	-	-	-	4,144
Intergovernmental	6,929	87,848	-	5,390	100,167
Special Assessments	-	-	13,786	-	13,786
Total Cash Receipts	<u>42,478</u>	<u>108,497</u>	<u>13,786</u>	<u>5,390</u>	<u>170,151</u>
Cash Disbursements:					
Current:					
General Government	36,565	-	-	-	36,565
Public Safety	-	12,446	-	-	12,446
Public Works	2,220	90,776	-	9,021	102,017
Health	465	-	-	-	465
Capital Outlay	5,604	-	-	4,060	9,664
Debt Service:					
Principal Retirement	2,968	-	12,654	-	15,622
Interest and Fiscal Charges	347	-	1,075	-	1,422
Total Cash Disbursements	<u>48,169</u>	<u>103,222</u>	<u>13,729</u>	<u>13,081</u>	<u>178,201</u>
Excess of Receipts Over/(Under) Disbursements	(5,691)	5,275	57	(7,691)	(8,050)
Other Financing Receipts (Disbursements)					
Other Financing Sources	606	-	-	-	606
Total Other Financing Receipts (Disbursements)	<u>606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>606</u>
Net Change in Fund Cash Balance	(5,085)	5,275	57	(7,691)	(7,444)
Fund Cash Balances, January 1	<u>25,933</u>	<u>68,302</u>	<u>593</u>	<u>9,545</u>	<u>104,373</u>
Fund Cash Balances, December 31					
Committed	-	51,083	-	-	51,083
Restricted	-	22,494	650	1,854	24,998
Unassigned (Deficit)	20,848	-	-	-	20,848
Fund Cash Balances, December 31	<u>\$ 20,848</u>	<u>\$ 73,577</u>	<u>\$ 650</u>	<u>\$ 1,854</u>	<u>\$ 96,929</u>

See notes to financial statements.

**MONROE TOWNSHIP
GUERNSEY COUNTY**

NOTES TO FINANCIAL STATEMENTS

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 Monroe Township, Guernsey County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance and cemetery maintenance. The Township contracts with the Antrim and Liberty Community Fire Departments to provide fire services and ambulance 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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

C. 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.

D. Fund Accounting

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

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

Special Revenue Funds

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

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

Road and Bridge Fund – This fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads.

**MONROE TOWNSHIP
GUERNSEY COUNTY**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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:

Debt Service Fund – The Township collects special assessment revenue to pay for debt incurred by the Township.

Capital Projects 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:

Public Works Fund – The Township receives Issue I monies to repair roads.

E. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and 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 canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

**MONROE TOWNSHIP
GUERNSEY COUNTY**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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:

1. Nonspendable

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

2. 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.

3. 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.

4. Assigned

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

5. 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.

**MONROE TOWNSHIP
GUERNSEY COUNTY**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G 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.

H. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2015	2014
Demand deposits	\$ 99,315	\$ 96,929
Total Deposits	\$ 99,315	\$ 96,929

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 38,710	\$ 49,353	\$ 10,643
Special Revenue	103,434	104,112	678
Debt Service	13,729	13,729	-
Capital Projects	6,069	6,069	-
Total	\$ 161,942	\$ 173,263	\$ 11,321

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 31,306	\$ (31,306)
Special Revenue	-	122,926	(122,926)
Debt Service	-	13,729	(13,729)
Capital Projects	-	2,916	(2,916)
Total	\$ -	\$ 170,877	\$ (170,877)

**MONROE TOWNSHIP
GUERNSEY COUNTY**

NOTES TO FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 37,099	\$ 43,084	\$ 5,985
Special Revenue	103,794	108,497	4,703
Debt Service	13,729	13,786	57
Capital Projects	12,445	5,390	(7,055)
Total	\$ 167,067	\$ 170,757	\$ 3,690

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 48,169	\$ (48,169)
Special Revenue	-	103,222	(103,222)
Debt Service	-	13,729	(13,729)
Capital Projects	-	13,081	(13,081)
Total	\$ -	\$ 178,201	\$ (178,201)

Contrary to Ohio Revised Code Section 5705.41 (D), the Township had made expenditures prior to certification.

Contrary to Ohio Revised Code Section 5705.41(B), all expenditures exceeded appropriations.

Contrary to ORC 5705.38 (A), the Township passed permanent appropriations but did not file with County Auditor for 2015 and 2014.

4. PROPERTY TAX

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

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

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

5. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10.00% of their gross wages and the Township contributed an amount equal to 14.00% of participant's gross salaries. The Township has paid all contributions required through December 31, 2015.

**MONROE TOWNSHIP
GUERNSEY COUNTY**

NOTES TO FINANCIAL STATEMENTS

6. DEBT

Debt outstanding at December 31, 2015, was as follows:

	Principal	Interest Rate
Commercial Loan - Grader	\$ 39,020	3.49%
Commercial Loan - Building	3,094	3.80%
Total	\$ 42,114	

On December 30, 2011, the Township entered in a loan to purchase a grader to be used in road maintenance. The loan is for 7 years with an interest rate of 3.49% payable in monthly installments. The Grader collateralizes the loan and will be repaid from the Debt Service Fund.

On June 11, 2011, the Township entered in a loan to repair the Township building.. The loan is for 5 years with an interest rate of 3.80% payable in annual installments. The full faith and credit of the Township collateralizes the loan and will be repaid from the General Fund.

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

Year Ending December 31:	Grader	Building
2016	\$ 13,368	\$ 3,315
2017	13,368	-
2018	13,368	-
Total	\$ 40,104	\$ 3,315

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

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Monroe Township
Guernsey County
12345 Ash Road
Newcomerstown, Ohio 43832

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Monroe Township, Guernsey County as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated August 1, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2015-001, 2015-002, and 2015-003 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed four instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001, 2015-002, 2015-003 and 2015-004.

Purpose of this Report

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

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
August 1, 2016

**MONROE TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Noncompliance/Material Weakness

Ohio Revised Code Section 5705.38(A) states on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measure as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate.

If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April of the current year, and the appropriations made in the temporary measure shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year when passed.

Ohio Revised Code Section 5705.38 (C) states, in part, appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and within each, the amount appropriated for personal services.

The Township passed an annual appropriation measure for 2015 and 2014 but did not file the measure with the County Auditor.

We recommend the Township pass the appropriation resolutions on or about the first day of each year and document such approval in the minutes. The Fiscal Officer should then file the approved appropriation resolutions with the Guernsey County Auditor. Otherwise, the Township should not expend any money until appropriations are passed.

Officials Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2015-002

Noncompliance/Material Weakness

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing unit from making any expenditures of money unless it has been appropriated.

The Township did not file permanent appropriations for 2015 and 2014. Therefore, expenditures for all funds exceeded appropriations.

We recommend the Trustees and the Fiscal Officer not make any expenditures until appropriations are adopted. Once appropriations are adopted, the Trustees and the Fiscal Officer should compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Trustees should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

Officials Response: We did not receive a response from Officials to this finding.

**MONROE TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-003

Noncompliance/Material Weakness

Ohio Admin. Code Section 117-2-02 (A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transaction, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by Ohio Admin. Code Section 117-2-03.

As a result of audit procedures, errors were noted that required reclassification to the financial statement as follows which were agreed to by the Township:

The following is related to 2014:

- Reclassification of \$3,871, \$669 and \$1,129 to Intergovernmental Revenue from Real and Other Property Tax in the General Fund, Road & Bridge Fund and Fire Fund, respectively.
- Reclassification of \$2,968 and \$347 to Principal Payment and Interest and Fiscal Charges from Public Works in the General Fund.
- Reclassification of \$1,075 from Principal Payment to Interest and Fiscal Charges in the Debt Service Fund.
- Real Estate Tax revenue was recorded at net instead of gross.

The following is related to 2015

- Reclassification of \$3,080 and \$235 to Principal Payment and Interest and Fiscal Charges from Public Works in the General Fund.
- Reclassification of \$1,614 from Principal Payment to Interest and Fiscal Charges in the Debt Service Fund.
- Real Estate Tax revenue was recorded at net instead of gross.

Sound financial reporting is the responsibility of the Township and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures to identify and correct errors and omissions. .

Officials Response: We did not receive a response from Officials to this finding.

**MONROE TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-004

Noncompliance – Certification of Funds

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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.

- If the fiscal officer can certify that both at the time that the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has 30 days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.
- Blanket Certificates. Fiscal officers may prepare "blanket" certificates if the Township has approved their use and established maximum amounts.
- Super Blanket Certificates. The Township may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

**MONROE TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-004 (Continued)

The Township did not certify the availability of funds prior to the purchase commitment for 28% of expenditures tested. For these item the Township also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Township certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 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 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Officials Response: We did not receive a response from Officials to this finding.

**MONROE TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2013-001	Material Weakness ORC Chapter 133 Debt Issuance	Yes	Finding No Longer Valid
2013-002	Material Weakness Noncompliance ORC 5705.38(A) appropriations not filed with Auditor	No	Not Corrected: Cited in current report as finding 2015-001
2013-003	Material Weakness Noncompliance ORC 5705.41(B) expenditures exceeding appropriations	No	Not Corrected: Cited in current report as finding 2015-002
2013-004	Material Weakness Noncompliance ORC OAC 117-2-02(A) Reclassifications	No	Not Corrected: Cited in current report as finding 2015-003
2013-005	Noncompliance ORC 5705.41(D) expenditures made prior to certification	No	Not Corrected: Cited in current report as finding 2015-004

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Dave Yost • Auditor of State

MONROE TOWNSHIP

GUERNSEY 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
NOVEMBER 10, 2016**