



Dave Yost • Auditor of State



**MONROE TOWNSHIP  
PERRY COUNTY  
DECEMBER 31, 2016 AND 2015**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report on the Financial Statements, Internal Control, and Compliance.....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types – For the Year Ended December 31, 2016 .....	3
Notes to the Financial Statements – For the Year Ended December 31, 2016 .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types – For the Year Ended December 31, 2015 .....	11
Notes to the Financial Statements – For the Year Ended December 31, 2015 .....	13
Schedule of Findings.....	19
Prepared by Management:	
Schedule of Prior Audit Findings .....	36

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# Dave Yost • Auditor of State

## Report on the Financial Statements, Internal Control, and Compliance

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

To the Board of Township Trustees:

We have selectively tested certain accounts, financial records, reports and other documentation of Monroe Township, Perry County, Ohio (the Township), as of and for the years ended December 31, 2016 and 2015. These procedures were designed to satisfy the audit requirements of § 117.11, Ohio Rev. Code, and § 117-4-02, Ohio Admin. Code. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

### ***Internal Control Over Financial Reporting***

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency 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, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider Findings 2016-002, 2016-007, 2016-008, 2016-014, 2016-016 through 2016-018, 2016-020, 2016-021, 2016-023 through 2016-025 and 2016-028 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

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

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Township, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts, that we reported in the Schedule of Findings as items 2016-001 through 2016-013, 2016-015 through 2016-017, 2016-019, 2016-020, 2016-022, 2016-024, 2016-026 and 2016-027.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 25, 2018

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**Monroe Township**  
*Perry County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2016*

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$19,346	\$89,805	\$109,151
Intergovernmental	27,994	135,150	163,144
Miscellaneous	523	0	523
<i>Total Cash Receipts</i>	<u>47,863</u>	<u>224,955</u>	<u>272,818</u>
<b>Cash Disbursements</b>			
Current:			
General Government	54,075	0	54,075
Public Safety	0	70,261	70,261
Public Works	0	100,630	100,630
Health	0	6,403	6,403
Debt Service:			
Principal Retirement	0	18,926	18,926
Interest and Fiscal Charges	0	2,003	2,003
<i>Total Cash Disbursements</i>	<u>54,075</u>	<u>198,223</u>	<u>252,298</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,212)</u>	<u>26,732</u>	<u>20,520</u>
<i>Fund Cash Balances, January 1</i>	<u>8,688</u>	<u>36,800</u>	<u>45,488</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	54,312	54,312
Committed	0	9,914	9,914
Unassigned (Deficit)	2,476	(694)	1,782
<i>Fund Cash Balances, December 31</i>	<u>\$2,476</u>	<u>\$63,532</u>	<u>\$66,008</u>

See accompanying notes to the basic financial statements

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**Monroe Township**  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Monroe Township, Perry County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Corning to provide fire services and ambulance services.

***Public Entity Risk Pools***

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to the Ohio local Governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgements, settlements, and other expenses resulting from covered claims exceeding the member's deductible. Note 6 to the financial statements provides additional information for this entity.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Fire District Fund*** This fund received property tax money to provide fire protection services to the Township.

**Monroe Township**  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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. Appropriations lapse at year-end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus 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.

A summary of 2016 budgetary activity appears in Note 3.

***Capital Assets***

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

***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.

**Monroe Township**  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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

***Fund Balance***

Fund balance is divided into three 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:

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$34,919	\$47,863	\$12,944
Special Revenue	221,854	224,955	3,101
Total	\$256,773	\$272,818	\$16,045

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$64,200	\$75,284	(\$11,084)
Special Revenue	236,700	260,927	(24,227)
Total	\$300,900	\$336,211	(\$35,311)

**Monroe Township**  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 3 – Budgetary Activity (Continued)**

Contrary to Ohio Rev. Code Section 5705.10, the Motor Vehicle License Tax Fund had a negative cash fund balance at December 31, 2016 of \$693. Also, For the year ended December 31, 2016, expenditures plus outstanding commitments exceeded appropriations in the General Fund by \$11,099, Motor Vehicle License Tax Fund by \$6,300, Gasoline Tax Fund by \$17,791, Cemetery Fund by \$93, Fire District Fund by \$634, EMS Fund by \$156, EMS Apparatus Fund by \$272 and Fire Apparatus Fund by \$213.

**Note 4 – Deposits and Investments**

The Township maintains a deposit and investments 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:

	<u>2016</u>
Demand deposits	\$66,008

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

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

**Note 6 – Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Monroe Township**  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 6 – Risk Management (Continued)**

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2016, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2016.

	<u>2016</u>
Assets	\$38,473,283
Liabilities	8,244,140
Net Position	\$30,229,143

At December 31, 2016, the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions  
to OTARMA

2016

\$7,457

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Monroe Township**  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has not paid all contributions required through December 31, 2016.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

**Note 9 – Debt**

Debt outstanding at December 31, 2016, was as follows:

	Principal	Interest Rate
Promissory Note - Dump Truck	\$9,166	5%
Promissory Note - Grader	21,397	5.75%
Total	\$30,563	

The Township issued promissory notes to finance the purchase of a new dump truck and grader for Township road maintenance. The notes do not meet the requirements of Ohio Revised Code Section 133.

***Amortization***

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

		Promissory	
Year Ending December 31:	Promissory Note - Grader	Note - Dump Truck	Total
2017	\$16,029	\$4,636	\$20,665
2018	6,679	4,636	\$11,315
2019	0	386	\$386
Total	\$22,708	\$9,658	\$32,366

**Monroe Township**  
*Perry County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2015*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$18,480	\$86,435	\$104,915
Intergovernmental	35,566	89,564	125,130
Miscellaneous	3,365	0	3,365
<i>Total Cash Receipts</i>	<u>57,411</u>	<u>175,999</u>	<u>233,410</u>
<b>Cash Disbursements</b>			
Current:			
General Government	55,977	0	55,977
Public Safety	0	82,214	82,214
Public Works	0	98,684	98,684
Health	0	5,676	5,676
Debt Service:			
Principal Retirement	0	19,137	19,137
Interest and Fiscal Charges	0	3,537	3,537
<i>Total Cash Disbursements</i>	<u>55,977</u>	<u>209,248</u>	<u>265,225</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,434</u>	<u>(33,249)</u>	<u>(31,815)</u>
<i>Fund Cash Balances, January 1 - Restated</i>	<u>7,254</u>	<u>70,049</u>	<u>77,303</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	42,450	42,450
Committed	0	4,576	4,576
Unassigned (Deficit)	8,688	(10,226)	(1,538)
<i>Fund Cash Balances, December 31</i>	<u><u>\$8,688</u></u>	<u><u>\$36,800</u></u>	<u><u>45,488</u></u>

See accompanying notes to the financial statements

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**Monroe Township**  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Monroe Township, Perry County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Corning to provide fire services and ambulance services.

***Public Entity Risk Pools***

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to the Ohio local Governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgements, settlements, and other expenses resulting from covered claims exceeding the member's deductible. Note 6 to the financial statements provides additional information for this entity.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Fire District Fund*** This fund received property tax money to provide fire protection services to the Township.

**Monroe Township**  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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. Appropriations lapse at year-end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus 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.

A summary of 2015 budgetary activity appears in Note 3.

***Capital Assets***

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

***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.

**Monroe Township**  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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

***Fund Balance***

Fund balance is divided into three 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:

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,566	\$57,411	\$19,845
Special Revenue	221,915	175,999	(45,916)
Total	\$259,481	\$233,410	(\$26,071)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$58,000	\$55,977	\$2,023
Special Revenue	240,500	209,248	31,252
Total	\$298,500	\$265,225	\$33,275

Contrary to Ohio Rev. Code Section 5705.10, as of December 31, 2015, the Gasoline Tax Fund had a negative cash fund balance of \$10,225. Also, contrary to Ohio Rev. Code Section 5705.41(B), for the year ended December 31, 2015, expenditures exceeded appropriations in the Cemetery Fund by \$176.

**Monroe Township**  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**Note 4 – Deposits and Investments**

The Township maintains a deposit and investments 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:

	<u>2015</u>
Demand deposits	\$45,488

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

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

**Note 6 – Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**Monroe Township**  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**Note 6 – Risk Management (Continued)**

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015.

	<u>2015</u>
Assets	\$37,313,311
Liabilities	8,418,518
Net Position	\$28,894,793

At December 31, 2015, the liabilities above include approximately \$7.8 million of estimated incurred claims payable. The assets above also include approximately \$7.7 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township’s share of these unpaid claims collectible in future years is approximately \$4,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions  
to OTARMA

2015

\$7,068

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 7 – Retirement Systems**

The Township’s employees and officials 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 includes postretirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2015, OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of participants’ gross salaries. The Township has paid all contributions required through December 31, 2015.

**Monroe Township**  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

**Note 8 – Debt**

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

	Principal	Interest Rate
Promissory Note - Dump Truck	\$13,217	5%
Promissory Note - Grader	35,584	5.75%
Total	\$48,801	

The Township issued promissory notes to finance the purchase of a new dump truck and grader for Township road maintenance. The notes do not meet the requirements of Ohio Revised Code Section 133.

***Amortization***

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

Year Ending December 31:	Promisory Note - Grader	Promissory Note - Dump Truck	Total
2016	\$16,029	\$4,636	\$20,665
2017	16,029	4,636	\$20,665
2018	6,679	4,636	\$11,315
2019	0	386	\$386
Total	\$38,737	\$14,294	\$53,031

**Note 9 – Restatement**

It was determined during a prior audit that certain homestead and rollback monies and gasoline tax monies were posted to the incorrect funds during 2013 and 2014; however, these adjustments were not previously posted by management. This resulted in an adjustment to beginning fund balances as follows:

	General	Special Revenue
Fund Balance December 31, 2014	\$9,712	\$67,591
Adjustments	(2,458)	2,458
Restated Fund Balance January 1, 2015	\$7,254	\$70,049

**MONROE TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

**FINDING NUMBER 2016-001**

**Noncompliance**

Ohio Rev. Code § 507.04 requires that each Fiscal Officer keep a complete and accurate record of the proceedings of the Board of Trustees at all of its meetings, and of all its accounts and transactions.

During our review of the Township's minutes we noted the prior meeting minutes were not consistently reviewed and approved by the Trustees. Also, there was no indication that the Fiscal Officer consistently provided the Trustees with monthly financial reports of receipt and expenditure activity, budget versus actual comparisons or bank reconciliations for review and approval.

The lack of documentation and subsequent approval of the Board of Trustees actions could result in the intentions of the Trustees not being accurately documented or carried out.

The Fiscal Officer should maintain a complete and accurate minute record, which reflects Trustee review and approval of all pertinent financial documentation. Additionally, minutes of the previous meeting should be reviewed and approved at each Township meeting and approval should be documented in the minutes.

**FINDING NUMBER 2016-002**

**Noncompliance and Internal Control Deficiency**

Ohio Admin. Code § 117-2-01(D)(3) and (5) state that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

In order to ensure the completeness over the Township's financial statements and reports, bank reconciliations should be performed on a monthly basis. The monthly bank reconciliation process should include the investigation and resolution of any variances between amounts reported by the bank and amounts posted to the Township's accounting system. The Fiscal Officer should provide monthly bank reconciliations to the Township Trustees at monthly meetings to ensure monthly reconciliations are completed and reviewed for unusual items and errors.

During 2016 and 2015 we noted the accounting system did not reconcile to the bank balances. Our initial review of Township's bank reconciliations from the Township's accounting system noted unexplained reconciling items of (\$5,769) as of December 31, 2016. In addition, we noted unexplained reconciling items throughout 2016 ranging from \$8,375 to \$34,585. As of December 31, 2015, we noted the Township's bank reconciliations contained unexplained reconciling items totaling (\$1,037). We noted similar unsupported reconciling items of (\$14,606) and (\$57,927) existed during January 2015 and February 2015, respectively. Furthermore, we noted no evidence that bank reconciliations were performed for the months of March 2015 through November 2015. Subsequently, the Township's records were reconstructed for the years ending December 31, 2016 and 2015 for which variances were noted between the corrected fund balances and the fund balances previously reported on the Township's accounting records totaling, (\$23,052) and (\$14,776), respectively.

These deficiencies in the Township's reconciliations resulted, in part, to the Township being declared unauditible and the Township incurring additional cost to contract to have their records reconstructed and reconciled. In addition, failure to properly reconcile the Township's records to the bank balances and to properly monitor the reconciliation process could result in errors or irregularities occurring and remaining undetected.

**MONROE TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**FINDING NUMBER 2016-002 (Continued)**

**Noncompliance and Internal Control Deficiency (Continued)**

The Fiscal Officer should prepare monthly bank reconciliations in a timely manner so that reconciling items can be easily identified and corrections promptly made, when applicable. Unusual or unidentified reconciling items should be promptly investigated and resolved. Additionally, the monthly bank reconciliation should be reviewed and approved by the Board of Trustees each month.

**FINDING NUMBER 2016-003**

**Noncompliance**

Ohio Rev. Code § 507.12 states a newly elected or appointed Fiscal Officer shall complete at least six hours of initial education programs before commencing, or during the first year of office. An additional eighteen hours of continuing education must be completed within the Fiscal Officer's first term. Twelve hours of training shall be completed for each subsequent term.

The Fiscal Officer failed to obtain the required training hours for 2016 and 2015.

The Fiscal Officer should follow the requirements outlined above and obtain the necessary training required.

**FINDING NUMBER 2016-004**

**Noncompliance**

Ohio Rev. Code § 149.43(E)(1) requires all public offices to adopt a public records policy for responding to public records requests. In addition, Ohio Rev. Code § 149.43(E)(2) states that all public offices shall create a poster that describes its public records policy and shall post the poster in a conspicuous place in the public office and in all locations where the public office has branch offices. The public office may post its public records policy on the internet web site of the public office if the public office maintains an internet web site.

Ohio Rev. Code § 149.42 authorizes the creation of a Township records commission, composed of the chairperson of the Board of Trustees and the Fiscal Officer of the Township, to review applications for one-time disposal of obsolete records and schedules of records retention and disposition submitted by Township offices. Furthermore, Ohio Rev. Code § 149.43(B)(2) requires each public office to have available a copy of its current records retention schedule at a location readily available to the public.

The Township has not established the required public records policy or formal records retention policy and schedule.

Failure to establish a public records policy or formal records retention policy and schedule could result in inconsistencies in the treatment of public records requests and the unauthorized destruction of public records.

The Township should adopt a public records policy and records retention policy as required. Additionally, the Township should create a poster describing their adopted public records policy and post a copy of the policy in a conspicuous place in all Township offices along with having a schedule readily available for public inspection. The policy and schedule should include provisions for the retention and destruction of public records, including transmission to the Ohio Historical Society and approval by the Auditor of State's Office.



**MONROE TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**FINDING NUMBER 2016-005**

**Noncompliance**

Ohio Rev. Code § 135.22 states that subdivision treasurers must complete annual continuing education programs provided by the Treasurer of State. The continuing education requirement does not apply to a subdivision treasurer who annually provides a notice of exemption to the Auditor of State, certified by the Treasurer of State, that the treasurer is not subject to the continuing education requirements because the Treasurer invests or deposits public funds in interim deposits pursuant to Ohio Rev. Code § 135.14(B)(3), STAR Ohio pursuant to Ohio Rev. Code § 135.14(B)(6) and no-load money market mutual funds pursuant to Ohio Rev. Code § 135.14(B)(5).

The Fiscal Officer could not provide a certificate evidencing she attended the continuing education training in 2016, nor could she provide a notice of exemption with the Auditor of State.

The Fiscal Officer should maintain her certification reflecting she attended the annual continuing education program or file an annual notice of exemption with the Auditor of State.

**FINDING NUMBER 2016-006**

**Noncompliance**

Ohio Rev. Code § 505.24 outlines the rates of compensation for Township Trustees. In Townships having a budget of more than \$250,000 but not more than \$500,000, Trustees were entitled to \$42.45 per day for not more than 200 days in 2015 and 2016. For Trustees elected or appointed after September 29, 2015, Trustees were entitled to \$44.57 per day for not more than 200 days in 2016.

In addition, Ohio Rev. Code § 507.09 outlines the rates of compensation for the Fiscal Officer. In Townships having a budget of more than \$250,000 but not more than \$500,000, the Fiscal Officer was entitled to \$12,733 per year in 2015 and 2016. For Fiscal Officers elected or appointed after September 29, 2015, Fiscal Officers were entitled to \$13,370 per year in 2016.

During 2016 and 2015, the Township Trustees and Fiscal Officer were not paid based on the rates of compensation allowed. For 2016, each Trustee and the Fiscal Officer were overpaid \$1,783 and \$2,795, respectively. For 2015, each Trustee and the Fiscal Officer were underpaid \$1,840 and \$4,107, respectively. This resulted in results in total net underpayments for the audit period of \$57 for each Trustee and \$1,312 for the Fiscal Officer.

The Township should compensate the Fiscal Officer and each Trustee in accordance with Ohio Rev. Code §§ 507.09 and 505.24 respectively.

**FINDING NUMBER 2016-007**

**Noncompliance and Internal Control Deficiency**

Ohio Admin. Code § 117-2-02 requires all local public offices to maintain an accounting system and accounting records sufficient to enable the Township to identify, assemble, analyze, classify, record and report its transactions and maintain accountability for its related assets and liabilities. The accounting system should assure that the financial statement assertions are achieved for all transaction types and account balances. This includes management's approval of pay rates and policies for employees and agreement of amounts paid to the applicable supporting documents.

During the audit period, we noted no documentation related to the approved hourly rates for employees at the beginning or during the audit period.

**MONROE TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**FINDING NUMBER 2016-007 (Continued)**

**Noncompliance and Internal Control Deficiency (Continued)**

Failure to formally document the approval of pay rates and payroll policies approved by the Township Trustees could result in actions being taken which are not consistent with the intentions of Township management.

The Township Trustees should approve all pay rates, changes in pay rates, and payroll policies and document this approval in the Township minutes.

**FINDING NUMBER 2016-008**

**Noncompliance and Internal Control Deficiency**

Ohio Rev. Code § 505.24(D) states that, by unanimous vote, a Board of Township Trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments. The amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a Trustee if the Trustee were paid on a per diem basis as specified in this division, and shall be paid from the Township General Fund or from other Township funds in such proportions as the board may specify by resolution. Each Trustee shall certify the percentage of time spent working on matters to be paid from the Township General Fund and from other Township funds in such proportions as the kinds of services performed.

During 2016 and 2015, the Trustees' certifications did not agree to the allocations of salaries charged amongst the Township funds. As a result, during 2016, the General Fund was overcharged \$15 while the Motor Vehicle Fund was undercharged \$15. During 2015, the General Fund was overcharged by \$1,321 and the Motor Vehicle License Tax Fund was undercharged by \$1,321.

Failure to properly charge salaries to the appropriate funds and maintain the required certifications could result in deficit fund balances.

We recommend, if the Board adopts, by unanimous vote, a method of compensation consisting of an annual salary, the Trustees certify the percentage of time spent working on matters to be paid from the Township General Fund and from other township funds in such proportions as the kinds of services performed. Each Trustee's salary and fringe benefits should be allocated to the corresponding funds consistent with each certification, and certifications should be maintained on file.

**FINDING NUMBER 2016-009**

**Noncompliance**

Ohio Rev. Code § 507.03 requires the Fiscal Officer, before entering upon the discharge of official duties, to give a bond, payable to the Board of Township Trustees, with sureties approved by the Board, in the sum determined by the Board but not less than the sum provided in this section, and conditioned for the faithful performance of the duties of the office of Township Fiscal Officer. In a Township with a budget of more than two hundred fifty thousand dollars but not more than five hundred thousand dollars, the sum provided within this section is eighty-five thousand dollars.

No documentation was provided to evidence that the Township's Fiscal Officer was properly bonded. Failure to require adequate bonding of the Fiscal Officer could subject the Township to significant financial losses if Township monies are lost or misspent.

The Township should ensure the Fiscal Officer is bonded to meet the requirements outlined above.

**MONROE TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**FINDING NUMBER 2016-010**

**Noncompliance**

Ohio Rev. Code § 145.47 requires each employer to withhold an amount, as determined by the public employees retirement board, not to exceed ten percent from each employee's earnable salary that is a contributor to the retirement system. The required rate was ten percent for 2016 and 2015. Ohio Rev. Code § 145.48 states, in part, each employer shall pay to the public employees' retirement system an amount that shall have a certain per cent of the earnable salary of all contributors to be known as the "employer contribution." The required rate was 14% for 2016 and 2015.

The Township withheld the proper amounts from employees; however, withholdings were not properly remitted to the Ohio Public Employees Retirement System (OPERS). For 2016, we noted the Township should have remitted a total of \$19,832 for employee and employer contributions; however, we noted a total of \$17,095 remitted, resulting in underpayment of \$2,737. For 2015, we noted the Township should have remitted a total of \$15,778 for employee and employer contributions; however the Township remitted a total of \$16,221 resulting in an overpayment of \$443 for 2015. We were unable to determine the nature or cause of these variances. The Township provided no explanation or documentation for these variances.

Failure to remit the proper amount could result in unnecessary late fees and interest charges being incurred by the Township.

The Township should remit employee withholdings and employer contributions in a timely fashion to the OPERS as required. The Township Trustees should monitor these payments to ensure payments are being made timely and in the appropriate amounts.

This matter will be referred to OPERS for whatever action is deemed necessary.

**FINDING NUMBER 2016-011**

**Noncompliance**

26 U.S.C. § 3102(a) requires every employer making payment of wages to deduct and withhold a tax determined in accordance with tables or computational procedures prescribed by the Secretary of the Treasury.

During 2016 and 2015, the Township withheld federal taxes and Medicare from employees' pay, but we noted variances between the amounts withheld and the amounts remitted to the Internal Revenue Service. For 2016, we noted the Township should have remitted \$10,750 to the Internal Revenue Service; however, only \$1,294 was remitted for a variance of (\$9,456). For 2015, we noted the Township should have remitted \$7,482 to the Internal Revenue Service; however, \$7,597 was remitted for a variance of \$115. We were unable to determine the nature or cause of these variances. The Township provided no explanation or documentation for these variances.

Failure to remit federal taxes in a timely fashion, as required, could subject the Township to significant penalties and interest.

The Fiscal Officer should remit the proper federal taxes and Medicare promptly to the Internal Revenue Service each period, as required, along with the employer share of Medicare. In addition, the Township should consult with the Internal Revenue Service to reconcile any differences between amounts owed and paid.

This matter will be referred to the Internal Revenue Service for whatever action deemed necessary.

**MONROE TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**FINDING NUMBER 2016-012**

**Noncompliance**

Ohio Rev. Code § 5747.06 states that except as provided in division (E)(3) of this section, every employer, including the state and its political subdivisions, maintaining an office or transacting business within this state and making payment of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as to result, as far as practicable, in withholding from the employee's compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee. The employer shall deduct and withhold the tax on the date that the employer directly, indirectly, or constructively pays the compensation to, or credits the compensation to the benefit of, the employee. The method of determining the amount to be withheld shall be prescribed by rule of the tax commissioner.

During 2016 and 2015, the Township withheld \$2,531 and \$1,855, respectively, in state taxes from the employees' pay; however, no payments were noted as being remitted to the Ohio Department of Taxation.

Failure to properly withhold and remit the withholdings could result in errors and/or irregularities occurring and remaining undetected and subject the Township to penalties and interest charges.

The Township should ensure that transmittal of state income taxes is made timely to avoid possible late penalties and interest.

This matter will be referred to the Ohio Department of Taxation for whatever action is deemed necessary.

**FINDING NUMBER 2016-013**

**Noncompliance**

26 C.F.R. § 1.61-21 provides that taxable fringe benefits are to be reported on IRS Form No. W-2.

During 2016, the Township's full-time employee received a \$300 clothing allowance; however, this amount was not reported as income on the employee's IRS Form No. W-2. The items related to the clothing allowance could be adapted to everyday wear; therefore, this allowance does not qualify as a non-taxable fringe benefit.

The Township should report taxable fringe benefits paid to employees on the individual employee's W-2 form each year as appropriate.

This matter will be referred to the Internal Revenue Service for whatever action deemed necessary.

**FINDING NUMBER 2016-014**

**Internal Control Deficiency**

Governmental entities should have a formal policy implemented that governs employee leave and the accrual and usage of such leave.

The Township Fiscal Officer indicated that the Township's employee receives leave which is tracked through a timecard approved by the Trustees; however, we were unable to obtain documentation of a formal leave policy.

**MONROE TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**FINDING NUMBER 2016-014 (Continued)**

**Internal Control Deficiency (Continued)**

In addition, the Fiscal Officer did not maintain records of leave balances within or outside of the UAN system nor did she present the employees with a detailed recap of leave earned, used or leave balances on a regular basis.

Failure to have formal leave policies adopted by the Board, maintain appropriate leave records or provide leave balances to the applicable employees could result in errors occurring and remaining undetected.

The Township Trustees should establish and approve a formal leave policy for the full time employees. In addition, leave records should be maintained by the Township and presented to employees on a regular basis for their review.

**FINDING NUMBER 2016-015**

**Noncompliance**

Ohio Rev. Code § 117.38 provides that entities filing on a cash-basis must file annual reports with the Auditor of State within 60 days of the fiscal year-end. The Auditor of State may prescribe by rule or guidelines the forms for these reports.

The Township's annual reports were not filed within 60 days of fiscal year-end. We determined the Township originally filed its annual reports on June 1, 2017 and May 12, 2016 for 2016 and 2015, respectively. For 2016, the Township filed the annual report on the cash basis but the notes to the financial statements were prepared following the regulatory basis. For 2015, the Township did not provide notes to the financial statements. As a result, in addition to other factors noted, the Township was declared unauditible. The Township contracted with the Auditor of State's Local Government Services Division to reconstruct the Township records and file the 2016 and 2015 financial reports. These reports were filed on the regulatory basis on March 15, 2018.

The Township should file an annual report every year within 60 days of fiscal year end. The Township's filing should include all the required elements as outlined in AOS Bulletin 2015-007 and all elements should be filed following the same basis of accounting.

**FINDING NUMBER 2016-016**

**Noncompliance and Internal Control Deficiency**

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

The Township adopted 2016 Appropriations on February 11, 2016 as noted in the "Township Annual Appropriation Resolution" filed with the County Budget Commission. However, we noted the minutes were silent regarding the adoption of this resolution and the Township failed to adopt temporary appropriations to meet the ordinary expenses of the Township until the permanent appropriations were adopted.

Failure to properly adopt appropriations could result in expenses being incurred in funds for which the Township does not have adequate resources.

**MONROE TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**FINDING NUMBER 2016-016 (Continued)**

**Noncompliance and Internal Control Deficiency (Continued)**

The Township should adopt annual appropriations on or about the first day of each fiscal year. If the Township intends to delay the passage of these appropriations, the Township should adopt temporary appropriations to meet the needs to the Township until the permanent appropriations can be adopted. Approval of appropriations and subsequent amendments, by the Township Trustees, should be documented within the minutes as evidence they were properly approved.

**FINDING NUMBER 2016-017**

**Noncompliance and Internal Control Deficiency**

Ohio Rev. Code § 149.43(B)(1) states, in part, that upon request, all public records responsive to the request shall be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours.

Additionally, management is responsible for designing and implementing internal control policies and procedures to reasonably ensure specific financial objectives will be achieved. A sound internal control structure requires documented procedures to provide management with reasonable assurance that recorded transactions occurred and are not fictitious. This includes maintaining sufficient supporting documentation such as invoices.

The Township was unable to provide sufficient appropriate supporting documentation for the following items we selected for testing:

- A payroll check was issued in March 2015 to the Township's employee for \$1,128 for which no time card was provided to support the payment. This payment was \$120 (net) greater than the normal payroll check amount for this employee.
- A check was issued to the Township's employee for a reimbursement during January 2016 for \$300 which did not contain a supporting invoice or information.
- We noted five of 16 nonpayroll disbursements selected for testing for 2015, totaling \$2,332, and ranging in amounts paid from \$58 to \$834, did not contain supporting invoices.
- We noted three of 18 nonpayroll disbursements selected for testing for 2016, totaling \$9,178, and ranging in amounts paid from \$44 to \$7,457, did not contain supporting invoices.
- We noted one of three disbursements selected for testing during our test for unrecorded encumbrances for 2015, in the amount of \$365, did not contain a supporting invoice.
- We noted invoices were not provided for four of four disbursements selected for testing during our test for unrecorded encumbrances for 2016, totaling \$2,009.
- A supporting invoice was not available for the first check issued during 2017 (check no. 26008) in order to verify the disbursement was made in the proper period.
- Supporting invoices were not available for four electronic fund transfer (EFT) transactions made during 2015, totaling \$1,021.
- Supporting invoices were not available for three electronic fund transfer (EFT) transactions made during 2016, totaling \$4,962.
- We noted one payment made for \$2 in excess of the supporting invoice and another payment made for \$30 less than the supporting invoice; however, no supporting documentation was present to support these variances.
- The Township had no supporting documentation on file for two receipts in 2015, totaling \$2,662.

**MONROE TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**FINDING NUMBER 2016-017 (Continued)**

**Noncompliance and Internal Control Deficiency (Continued)**

The Fiscal Officer's failure to maintain supporting documentation in an organized fashion initially contributed to the Township being declared unauditible. Failure to maintain the appropriate supporting documentation could allow errors or irregularities to occur and remain undetected. In addition, the failure of the Township to maintain the supporting documentation for audit could result in the Township receiving a modified opinion on their financial statements in the future.

Supporting documentation should be maintained by the Fiscal Officer on file and in an organized fashion to support the transactions entered into and recorded by the Township.

**FINDING NUMBER 2016-018**

**Internal Control Deficiency**

A well-designed system of internal control will include monitoring of financial reports and information by the governing board in order to compensate for any lack of segregation of duties. The small size of the Township's staff did not allow for an adequate segregation of duties. The Fiscal Officer performed all accounting functions, including receipting, depositing, disbursing, and reconciling. It is therefore important for the Board members to monitor financial activity closely and to follow up on any audit findings.

The results of our audit indicated a weakness in management's role to establish and maintain effective internal controls and to ensure and document the Township is complying with legal requirements as evidenced by the numerous audit findings reported within this report. In addition, for example, we noted an instance in which a payroll check was issued without sufficient approvals as the check was signed by only one trustee rather than two Trustees as required.

Failure to adequately monitor and maintain supporting evidence and accounting reports of the Township's activities could result in errors or irregularities to occur and remain undetected.

The Board of Trustees should become more actively involved in monitoring the financial activity of the Township. Financial records and reports should be closely scrutinized to ensure they are being properly maintained and reconciled. Transactions should be approved only when the appropriate supporting documentation is available for review. Evidence that records and reports have been appropriately reviewed by the Board should be noted within the Township's records and recorded in the minutes.

**FINDING NUMBER 2016-019**

**Noncompliance**

Ohio Rev. Code § 133.15 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct. Ohio Rev. Code § 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

On January 10, 2014, the Board of Trustees signed a promissory note with North Valley Bank, in the amount of \$20,440, to finance the purchase of a dump truck. This note did not meet the requirements set forth in Ohio Rev. Code § 133.15. Previously, on May 19, 2008, the Board of Trustees signed a promissory note with North Valley Bank in the amount of \$123,218 to finance the purchase of a grader. This type of loan also does not meet the requirements set forth in Ohio Rev. Code § 133.15.

**MONROE TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**FINDING NUMBER 2016-019 (Continued)**

**Noncompliance (Continued)**

The Ohio Revised Code contains various methods of incurring debt for Townships. Installment loans and promissory notes with banking institutions are not legal methods of debt for Townships.

The Board of Trustees should consult with the Township's legal counsel prior to the Township incurring future debt.

**FINDING NUMBER 2016-020**

**Noncompliance and Internal Control Deficiency**

Ohio Rev. Code § 9.38 states that public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt. If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, the Township Trustees may adopt a policy permitting officials who receive this money to hold it past the next business day, but the deposit must be made no later than three business days following receipt. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the first business day following the date of receipt.

Additionally, management is responsible for designing and implementing internal control policies and procedures to reasonably ensure specific financial objectives will be achieved. A sound internal control structure requires appropriate monitoring by the Board of financial transactions and reports to compensate for a lack of segregation of duties and ensure all monies due to the Township are received and posted.

During our testing of Township receipts we noted the following:

- We noted two payments from the State of Ohio, totaling \$14,263 and originally issued in 2014, which were reissued by the State during September 2016 and posted by the Township on September 30, 2016. Furthermore, we noted our prior audit documentation includes one check from the State during 2014, in the amount of \$210, which was voided but we noted no evidence during our audit period that this payment has been reissued.
- We noted three payments from the State of Ohio, totaling \$14,281, during 2015 which were not posted by the Township during 2015. Two of these payments totaling \$7,243 were subsequently reissued by the State during September 2016 and posted by the Township on September 30, 2016. In addition, we noted one of the previously mentioned payments from the State, in the amount of \$7,038, which was voided by the State but we noted no evidence during our audit period that this payment has been reissued to the Township.
- We noted one payment from the State of Ohio during May 2016, in the amount of \$6,909, which was voided and reissued by the State during September 2016 and posted by the Township on September 30, 2016. Additionally, we noted two payments from the State of Ohio, totaling \$7,132, which were voided by the State. We noted no evidence these payments were reissued to the Township during our audit period.
- We noted seven payments during 2016, totaling \$17,111, and one payment during 2015, in the amount of \$1,229, from the Perry County Auditor which we noted had not been deposited by the Township and posted to the Township's records. Furthermore, we noted six of these payments, totaling \$15,706, were still contained on the Perry County Auditor's outstanding checklist as of December 31, 2017.
- During our 2016 and 2015 receipt testing, we noted \$28,908 of \$272,818 (11 percent) and \$229 of \$233,409 (less than one percent) of receipts were posted in a timely manner.



**MONROE TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**FINDING NUMBER 2016-020 (Continued)**

**Noncompliance and Internal Control Deficiency (Continued)**

Failure to monitor receipts by the Board and failure of the Fiscal Officer to deposit receipts in a timely manner could result in subsequent loss or theft of monies collected and material misstatements to the Township's financial statements.

The Fiscal Officer should deposit receipts of the Township to a designated depository on the business day next following the day of receipt or in accordance with a policy adopted by Township's Board of Trustees meeting the aforementioned requirements. All receipts of the Township should be posted to the accounting system promptly when received. In addition, the Fiscal Officer should provide periodic reports to the Trustees from the accounting system of receipts including, but not limited to, reports containing budgeted versus actual data. The Trustees should accept and review these reports to determine if the expected receipts of the Township are being collected.

**FINDING NUMBER 2016-021**

**Internal Control Deficiency**

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2016, estimated resources approved by the Budget Commission did not agree to the Township's ledgers for the following funds:

<u>Fund</u>	<u>Estimated Receipts Per Official Certificate</u>	<u>Budgeted Receipts Per UAN system</u>	<u>Variance</u>
General	\$34,919	\$64,100	\$29,181
Motor Vehicle License Tax	23,644	28,500	4,856
Gasoline Tax	113,810	120,000	6,190
Road and Bridge	9,300	11,800	2,500
Cemetery	6,800	7,200	400
EMS	13,300	13,700	400
EMS Apparatus	8,200	8,300	100
Fire Apparatus	11,000	11,400	400

At December 31, 2015, estimated resources and appropriations approved by the Budget Commission did not agree to the Township's ledgers for the following funds:

<u>Fund</u>	<u>Estimated Receipts Per Official Certificate</u>	<u>Budgeted Receipts Per UAN system</u>	<u>Variance</u>
General	\$37,566	\$58,839	\$21,273
Motor Vehicle License Tax	23,130	23,644	514
Gasoline Tax	113,300	113,810	510
Road and Bridge	8,365	9,229	864
Cemetery	5,480	5,779	299
Fire District	35,640	49,910	14,270
EMS	9,000	10,993	1,993

**MONROE TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**FINDING NUMBER 2016-021 (Continued)**

**Internal Control Deficiency (Continued)**

<u>Fund</u>	<u>Estimated Receipts Per Official Certificate</u>	<u>Budgeted Receipts Per UAN system</u>	<u>Variance</u>
EMS Apparatus	15,000	17,814	2,814
Fire Apparatus	12,000	14,455	2,455

<u>Fund</u>	<u>Appropriations Per Appropriation Resolution</u>	<u>Appropriations Per UAN system</u>	<u>Variance</u>
Cemetery	\$5,500	\$7,000	\$1,500
Fire District	49,000	68,000	19,000
EMS	10,000	14,000	4,000
EMS Apparatus	17,000	22,000	5,000
Fire Apparatus	14,000	18,000	4,000

Inaccurate budgetary information posted to the accounting system could result in Township management not being able to effectively monitor and report its budget versus actual status throughout the year.

The Fiscal Officer should accurately post estimated receipts and appropriations as approved by the Budget Commission into the accounting system. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

**FINDING NUMBER 2016-022**

**Noncompliance**

Ohio Rev. Code § 5705.41(B) states no subdivision is to expend money unless it has been appropriated.

For the year ended December 31, 2016, expenditures plus outstanding commitments exceeded appropriations in the General Fund by \$11,099, Motor Vehicle License Tax Fund by \$6,300, Gasoline Tax Fund by \$17,791, Cemetery Fund by \$93, Fire District Fund by \$634, EMS Fund by \$156, EMS Apparatus Fund by \$272 and Fire Apparatus Fund by \$213.

For the year ended December 31, 2015, expenditures plus outstanding commitments exceeded appropriations in the Cemetery Fund 2041 by \$176.

Failure to limit spending to authorized appropriations could result in deficit fund balances or monies being spent on purposes other than those intended by the Board of Trustees.

The Township should only make expenditures for which there are adequate appropriations available to do so. Prior to entering into an obligation, the Fiscal Officer should review budget versus actual information of the Township to ensure sufficient appropriations are available to make the purchase. Periodically, the Board of Trustees should review budget versus actual information in order to monitor the spending of the Township.

**MONROE TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**FINDING NUMBER 2016-023**

**Internal Control Deficiency**

Approval of personnel actions such as hiring and setting of compensation or employment contracts should be authorized by the Board of Trustees. All Trustee approved employment actions should be maintained in employee personnel files in addition to contracts and withholding and enrollment forms to support employee deductions.

The Township should maintain the following information within Employee Personnel Files:

- a. Name
- b. Hiring authorization
- c. Position and authorized salary rate
- d. Department(s) / fund(s) to which salary will be charged.
- e. Deduction authorizations, such as deferred compensation programs or charitable contributions
- f. Retirement system participation
- g. Federal withholding authorization Form W-4.
- h. State & local income tax withholding authorization

During our payroll testing we noted the Township did not properly maintain the hiring authorization, position and salary rate, the department to which the salary is to be assigned, retirement participation or Federal and State authorizations within personnel files. All employees should have all applicable documentation maintained in their personnel files to ensure pay rates, funds charged and applicable deductions are proper.

We also noted that federal withholdings for the Township's employee fluctuated from \$121 to \$161 during 2016. No authorization from the employee was maintained to support these fluctuations. Furthermore, we noted no evidence that the employees were provided with payment information with their paychecks to reflect the various withholdings deducted from their gross pay to arrive at their net pay and verify the appropriate amounts are being withheld.

Failure to document Trustee authorized personnel actions and pay rates may result in unapproved and unauthorized compensation of employees. In addition, failure to maintain contracts and withholding forms and failure to provide employees with detailed information related to their paychecks may result in deductions not being properly withheld from the employee's paychecks and improper pay amounts.

The Trustees should approve all personnel actions, including authorization of employment contracts and compensation in the minutes of the Board. We further recommend the Township develop and implement procedures to provide for the maintenance of all completed and current retirement membership forms, withholding forms, and employee contracts. In addition, employees should be provided detailed payroll information to document the difference between their gross and net pay with each payroll check.

**FINDING NUMBER 2016-024**

**Noncompliance and Internal Control Deficiency**

Ohio Rev. Code § 5705.41(D)(1) 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. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

**MONROE TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**FINDING NUMBER 2016-024 (Continued)**

**Noncompliance and Internal Control Deficiency (Continued)**

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 "blanket certificates" which are provided for in Ohio Rev. Code §§ 5705.41(D)(1) and 5705.41(D)(3), respectively:

Then and Now Certificate – If the Fiscal Officer can certify that both at the time 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 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 resolution. Amounts of less than \$3,000, may be paid by the Fiscal Officer without a resolution of the Township 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 expenditures by the Township.

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.

Super Blanket Certificate – 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 reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During our test for unrecorded encumbrances, we noted two of three disbursements tested for 2015 which were not properly certified prior to commitment. As previously discussed in Finding Number 2016-017, the other disbursement selected for 2015 and four of the four disbursements tested for 2016 did not contain adequate supporting documentation and therefore we could not determine if they were properly certified. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund 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, we recommend the Fiscal Officer certify that funds are or will be available prior to obligations being incurred by the Township. When prior certification is not possible, "then and now" certificates should be used.

**MONROE TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**FINDING NUMBER 2016-025**

**Internal Control Deficiency**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Furthermore, the Ohio Township Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

In addition, management should ensure all debt principal and interest payments are made timely in accordance with the Township's debt agreements and properly recorded on the financial statements.

During 2016 and 2015 the Township failed to properly classify their debt payments on the financial statements between principal and interest. We noted variances of \$689 and \$400 between amounts allocated between principal and interest for 2016 and 2015, respectively.

Also, during 2016 and 2015, the Township paid penalties totaling \$611 and \$676, respectively, to their financial institution for failure to timely submit debt principal and interest payments when due. The Township also failed to pay the principal and interest amounts in accordance with amortization schedules.

The Fiscal Officer should make debt service payments by the dates required in the Township's debt agreements and should appropriately classify them on the financial statements as to the principal and interest portion of the payment. The Township Trustees should monitor debt principal and interest payments to ensure they are made in the appropriate amounts and in a timely fashion to avoid such penalties.

**FINDING NUMBER 2016-026**

**Noncompliance**

Ohio Rev. Code § 5705.10(I) states that money paid into any fund shall be used only for the purposes for which such fund is established.

At the end of December 31, 2016, the Motor Vehicle License Tax Fund had a negative cash fund balance of \$693. At the end of December 31, 2015, the Gasoline Tax Fund had a negative cash fund balance of \$10,225. Negative fund cash balances indicate that money from one fund was used to cover the expenses of the negative balance funds.

Failure to appropriately monitor fund cash balances and maintain update to date and reconciled Township records could result in financial difficulties for the Township.

The Township should monitor activity in the funds to ensure that money paid into funds is only being used for the purposes for which such funds are established. The Fiscal Officer should maintain up to date financial records which are appropriately reconciled to ensure the finances of the Township can be appropriately monitored.

**MONROE TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**FINDING NUMBER 2016-027**

**Noncompliance**

26 C.F.R. § 1.6041-2 requires wages paid to an employee be reported on IRS Form W-2. All other payments of compensation, including the cash value of payments made in any medium other than cash, to an employee by an employer in the course of the trade or business of the employer must also be reported on IRS Form W-2 if the total of such payments and the amount of the employee's wages, if any, required to be reported on IRS Form W-2 aggregates \$600 or more in a calendar year.

In 2016, we noted W-2 forms for two Trustees did not agree to the amount of gross salary paid to them. This resulted in over reporting on the W-2 forms in the amounts of \$6 and \$358.

Failure to ensure the appropriate amounts are reported on IRS Form W-2 could result in discrepancies in amounts reported by the Township and the employee to the IRS.

The Fiscal Officer should reconcile payroll records to the applicable tax forms to ensure the correct federal tax information is reported on IRS Form W-2.

This matter will be referred to the Internal Revenue Service for whatever action deemed necessary.

**FINDING NUMBER 2016-028**

**Internal Control Deficiency**

Governmental Accounting Standards Board (GASB) Statement No. 54 defined how fund balances were to be classified and was codified as follows: GASB Cod. 1800.168-169 requires reporting funds whose revenue has external legal constraints as Restricted. GASB Cod. 1800.170-172 requires reporting funds whose revenue had constraints imposed by the Board, which could not be changed without Board approval, as Committed. GASB Cod. 1800.173-176 requires funds without external or internal constraints to report Assigned fund balances for amounts encumbered or set aside to cover the excess of subsequent year appropriations exceeding estimated revenue. GASB Cod. 1800.177 designates Unassigned fund balance as the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Furthermore, Auditor of State Bulletin 2011-004 requires local governments which prepare cash basis financial statements to implement these fund balance classifications and governmental fund type definitions. This bulletin required entities to formally adopt a fund balance policy. The policy should specify the following:

- The policy should define whether the auditee considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available.
- For unrestricted fund balances, the classification should be based on the government's accounting policies regarding whether it considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.
- If a government does not establish a policy for its use of unrestricted fund balance amounts, it should consider that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**MONROE TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**FINDING NUMBER 2016-028 (Continued)**

**Internal Control Deficiency (Continued)**

The Township improperly reported the Road and Bridge Fund cash balance as restricted instead of reporting the cash fund balance as committed, in the amounts of \$9,783 and \$4,445 during 2016 and 2015, respectively. Also, the Board of Trustees has not established a fund balance policy for the Township.

Failure to appropriately classify fund balances on the financial statements could result in the financial statements being misleading in regards to the nature of the restrictions imposed on the Township's fund balances.

The Board of Trustees should establish a fund balance policy. Also, the Township should review AOS Bulletin 2011-004 to ensure fund balances are properly classified and reported.

**Officials' Response:** We did not receive a response from Officials to the Findings reported above.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**DECEMBER 31, 2016 AND 2015**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2014-001	26 U.S.C. § 3102(a)(1) withholdings and remittance of federal withholdings.	Partially Corrected	Remittance of withholdings will be more consistent and done on time monthly.
2014-002	Ohio Rev. Code § 145.47 withholdings and remittance of OPERS.	Partially Corrected	Remittance of withholdings need done on time monthly
2014-003	Ohio Rev. Code § 5747.06 withholdings and remittance of State taxes	Corrected	Worked with the Ohio Dept of Taxation issue was corrected
2014-004	Ohio Rev. Code § 9.38 not depositing timely	Not Corrected	Deposits will be made weekly or as checks are received
2014-005	Ohio Rev. Code § 133 Debt	Not Corrected	
2014-006	Ohio Rev. Code § 147.43 Public Records Policy	Not Corrected	
2014-007	Ohio Rev. Code § 505.24 Certification of Trustee Salary	Corrected	A Certification document is now being used
2014-008	Material weakness	Un sure	
2014-009	Monitoring Financial activity by the Trustees	Not Corrected	Will be corrected going forward
2014-010	Township Bank Recs.	Not corrected	Will be corrected going forward





# Dave Yost • Auditor of State

**MONROE TOWNSHIP**

**PERRY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 12, 2018**