



Mary Taylor, CPA  
Auditor of State



**MONROE TOWNSHIP  
HARRISON COUNTY**

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Mary Taylor, CPA  
Auditor of State

Monroe Township  
Harrison County  
P.O. Box 249  
Bowerston, Ohio 44695-0249

To the Board of Trustees:

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

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

August 20, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Monroe Township  
Harrison County  
P.O. Box 249  
Bowerston, Ohio 44695-0249

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Harrison County, (the Township) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Ohio Revised Code Section 505.24(C) and Ohio Attorney General Opinion 2004-056 require trustees to document the proportionate amount chargeable to other township funds based on the kinds of services rendered. Without this documentation, the Township must charge salaries to the General Fund. During 2009 and 2008, the Township charged some Trustees' salaries, related taxes and retirement (OPERS) to the Gasoline Tax and Road and Bridge funds without the required supportive documentation.

The adjustment required to record these salaries and related taxes and OPERS in the General Fund, the Gasoline Tax Fund and the Road and Bridge Fund follows:

	<b>General Fund</b>	<b>Gasoline Tax Fund</b>	<b>Road and Bridge Fund</b>
2008 disbursements over (under)statement	\$8,984		(\$8,984)
2009 disbursements over (under)statement	<u>19,603</u>	<u>(\$9,802)</u>	<u>(9,801)</u>
December 31, 2009 fund balance over (under)statement	<u>\$28,587</u>	<u>(\$9,802)</u>	<u>(\$18,785)</u>

Also, in our opinion, because of the effects of the matter referred to in the preceding paragraph the financial statements referred to above do not present fairly, in all material respects, the combined fund cash balances of Monroe Township, Harrison County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

August 20, 2010



**MONROE TOWNSHIP  
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$15,099	\$76,624			\$91,723
Licenses, Permits, and Fees				\$1,500	1,500
Intergovernmental	12,624	121,159	\$15,000		148,783
Earnings on Investments	368	238		104	710
Miscellaneous	520	11,271			11,791
<b>Total Cash Receipts</b>	<b>28,611</b>	<b>209,292</b>	<b>15,000</b>	<b>1,604</b>	<b>254,507</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	28,967	8,842			37,809
Public Safety		31,893			31,893
Public Works		116,566			116,566
Health		4,811			4,811
Human Services		3,037			3,037
Capital Outlay		2,706	15,000		17,706
Debt Service:					
Redemption of Principal		10,898			10,898
Interest and Other Fiscal Charges		2,309			2,309
<b>Total Cash Disbursements</b>	<b>28,967</b>	<b>181,062</b>	<b>\$15,000</b>		<b>225,029</b>
Total Receipts Over/(Under) Disbursements	(356)	28,230		1,604	29,478
Fund Cash Balances, January 1	8,003	116,285		12,664	136,952
<b>Fund Cash Balances, December 31</b>	<b>\$7,647</b>	<b>\$144,515</b>		<b>\$14,268</b>	<b>\$166,430</b>

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

**MONROE TOWNSHIP  
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$14,694	\$77,570		\$92,264
Intergovernmental	19,680	111,110		130,790
Earnings on Investments	714	651	\$254	1,619
Miscellaneous		5,800		5,800
<b>Total Cash Receipts</b>	<u>35,088</u>	<u>195,131</u>	<u>254</u>	<u>230,473</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	33,927	10,994		44,921
Public Safety		36,237		36,237
Public Works		109,427		109,427
Health	1,075	4,025		5,100
Capital Outlay	850	6,596		7,446
Debt Service:				
Redemption of Principal		12,992	5,503	18,495
Interest and Other Fiscal Charges		1,281		1,281
<b>Total Cash Disbursements</b>	<u>35,852</u>	<u>181,552</u>	<u>5,503</u>	<u>222,907</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(764)</u>	<u>13,579</u>	<u>(5,249)</u>	<u>7,566</u>
Fund Cash Balances, January 1	<u>8,767</u>	<u>102,706</u>	<u>17,913</u>	<u>129,386</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$8,003</b></u>	<u><b>\$116,285</b></u>	<u><b>\$12,664</b></u>	<u><b>\$136,952</b></u>

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

**MONROE TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**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, Harrison County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and general government services. The Township contracts with the Bowerston Volunteer Fire Department to provide fire services.

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

**B. Accounting Basis**

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

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

**C. 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.

The Township values Certificates of Deposits at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

**MONROE TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Issue II Fund - The Township received a grant from the State of Ohio to replace culverts.

**4. Permanent Funds**

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

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**MONROE TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

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

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

**2. EQUITY IN POOLED 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:

	2009	2008
Demand deposits	\$158,259	\$128,886
Certificates of deposit	8,171	8,066
Total deposits	\$166,430	\$136,952

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,423	\$28,611	(\$2,812)
Special Revenue	201,691	209,292	7,601
Capital Projects		15,000	15,000
Permanent	1,500	1,604	104
Total	\$234,614	\$254,507	\$19,893

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$38,611	\$28,967	\$9,644
Special Revenue	256,838	181,062	75,776
Capital Projects		15,000	(15,000)
Permanent	1,000		1,000
Total	\$296,449	\$225,029	\$71,420

**MONROE TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$26,892	\$35,088	\$8,196
Special Revenue	160,081	195,131	35,050
Permanent		254	254
Total	\$186,973	\$230,473	\$43,500

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$39,983	\$35,852	\$4,131
Special Revenue	256,220	181,552	74,668
Permanent	9,000	5,503	3,497
Total	\$305,203	\$222,907	\$82,296

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire District and Federal Emergency Management Agency Funds by \$3,814 and \$3,037, respectively, for the year ended December 31, 2009. Also, contrary to Ohio law, budgetary appropriation authority exceeded actual resources in the Motor Vehicle License Tax Fund by \$8,467 for the year ended December 31, 2008 and by \$9,490 for the year ended December 31, 2009.

**4. PROPERTY TAX**

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

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

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

**MONROE TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$51,069	4%

The Township issued general obligation bonds to finance the purchase of a GMC truck for Township road maintenance. The Township's taxing authority collateralized the bonds.

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

Year ending December 31:	General Obligation Notes
2010	\$14,408
2011	14,408
2012	14,408
2013	12,006
Total	\$55,230

**6. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, 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, 2009.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

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

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# Mary Taylor, CPA

Auditor of State

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

Monroe Township  
Harrison County  
P.O. Box 249  
Bowerston, Ohio 44695-0249

To the Board of Trustees:

We have audited the financial statements of the Monroe Township, Harrison County, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated August 20, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We also rendered an adverse opinion on these financial statements because the Township charged some Trustees' salaries, related taxes and OPERS to the Gasoline Tax and Road and Bridge Funds without the documentation required by Ohio Rev. Code Section 505.24(C) and Ohio Attorney General Opinion 2004-056. Without this documentation, the Township must charge salaries to the General Fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-001 and 2009-005 described in the accompanying schedule of findings to be material weaknesses.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 through 2009-004.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 20, 2010.

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



**Mary Taylor, CPA**  
Auditor of State

August 20, 2010

**MONROE TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-001**

**Finding for Adjustment/Noncompliance Citation/Material Weakness**

**Ohio Revised Code Section 505.24 (C)** sets forth the method by which township trustees' compensation should be allocated. This section is amplified by Ohio Attorney General (OAG) Opinion 2004-036. This section requires that compensation of a township trustee be paid from the Township General Fund or from such other restricted township fund, in such proportions based on the amount of time spent on matters related to the services rendered. In addition, OAG Opinion 2004-036 indicates that trustees should establish administrative procedures to document the proportionate amount of trustees' salaries chargeable to other township funds based on the portion of time spent on matters related to the services rendered. The "administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustees document all time spent on township business and the type of service(s) performed, in a manner similar to trustees paid per diem compensation.

Some of the trustees' salaries, taxes, and OPERS were paid from the Road and Bridge Fund in 2008 and from the Gasoline Tax Fund and Road and Bridge Fund in 2009 without the supporting documentation. One trustee in 2008 and two trustees in 2009 did not maintain records documenting time chargeable to other township funds. The adjustment required to record these salaries and related taxes and OPERS in the General Fund the current audit period follows:

	<b>General Fund</b>	<b>Gasoline Tax Fund</b>	<b>Road and Bridge Fund</b>
2008 disbursements over (under)statement	\$8,984		(\$8,984)
2009 disbursements over (under)statement	<u>19,603</u>	<u>(\$9,802)</u>	<u>(9,801)</u>
December 31, 2009 fund balance over (under)statement	<u>\$28,587</u>	<u>(\$9,802)</u>	<u>(\$18,785)</u>

These amounts have not been adjusted on the Township's accounting ledgers and are not reflected in the accompanying financial statements.

Per the above, trustees must keep records of the time spent on various tasks and the funds to which the township will charge their costs. (The sole exception to this is for trustees charging all salaries to the General Fund, as described above.) There is no one method for documenting time and the kinds of services rendered. The trustees may use a diary, time sheets, or any other method that will provide the information described above.

**FINDING NUMBER 2009-002**

**Noncompliance Citation**

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

**FINDING NUMBER 2009-002  
(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: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D) (1) and 5705.41(D) (3), respectively of the Ohio Revised Code.

1. **Then and Now Certificate** – If no certificate is furnished as required, upon receipt of the fiscal officers certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid. If the amount involved is less than \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees if such expenditure is otherwise valid.
2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be, limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line item appropriation in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket may be outstanding a particular time for any line item appropriation.

The Fiscal Officer did not certify or record the amount against the applicable appropriation accounts for 50% and 34% of tested expenditures in 2008 and 2009, respectively. The Township did not properly utilize the certification exceptions described above for those expenditures lacking prior certification.

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

The Township should certify the full purchase amounts to which Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code Section 5705.41(D) requires for the authorization of disbursements. The Fiscal Officer should sign the certification prior to incurring a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**FINDING NUMBER 2009-003**

**Noncompliance Citation**

**Ohio Revised Code Section 5705.36(A)(4)** states that upon determination by the fiscal officer of a subdivision that revenue to be collected by the subdivision will be less than the amount included in an official certificate and the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

Appropriations exceeded the amount of actual resources available (actual revenue plus the prior year unencumbered balance) in the Motor Vehicle License Tax Fund in 2008 and 2009 by \$8,468 and \$9,490, respectively.

Failure to limit appropriations to the amount of available revenue could result in overspending and negative cash fund balances. The Fiscal Officer should compare appropriations to actual resources to gain assurance that adequate resources are available. If the resources are not available to cover the appropriations, an amendment to the appropriations resolution should be passed by the Township Board of Trustees to reduce the appropriations.

**FINDING NUMBER 2009-004**

**Noncompliance Citation**

**Ohio Revised Code Section 5705.41(B)** prohibits a subdivision from making an expenditure unless it has been properly appropriated.

Expenditures exceeded appropriations in for following funds for 2009:

<b>Fund</b>	<b>Appropriations</b>	<b>Expenditures</b>	<b>Variance</b>
Federal Emergency Management Agency	\$28,079	\$31,893	\$3,814
Fire Township	\$0	\$3,037	\$3,037

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Board to approve increased expenditure levels by increasing appropriations or an amended certificate of estimated resources should be obtained.

**FINDING NUMBER 2009-005**

**Material Weakness**

The Fiscal Officer did not correctly code and classify the following receipts and expenditures in 2008 and 2009 which resulted in adjustments and reclassifications to the financial statements. The Township Fiscal Officer has agreed to the adjustments and reclassifications and the corrected amounts are reflected in the accompanying financial statements. The adjustments have been posted to the Township's accounting records.

**FINDING NUMBER 2009-005  
(Continued)**

**2008:**

<b>Fund Name</b>	<b>Account Type</b>	<b>Amount</b>	<b>Description</b>
<b>Reclassifications:</b>			
General	Intergovernmental	\$1,870	Recorded as Local Taxes
Road and Bridge	Intergovernmental	\$4,791	Recorded as Local Taxes
Cemetery	Intergovernmental	\$833	Recorded as Local Taxes
Fire Township	Intergovernmental	\$3,016	Recorded as Local Taxes
Road Bond	Redemption of Principal	\$5,502	Recorded as Other Financing Uses
Gasoline Tax	Redemption of Principal	\$335	Recorded as Interest and Fiscal Charges
<b>Adjustments</b>			
Gasoline Tax	Proceeds of Notes Revenue/ Capital Outlay Expenditures	\$65,110	Not recorded.
Cemetery Bequest	Earning on Investments	\$253	Not recorded.

**2009:**

<b>Fund Name</b>	<b>Account Type</b>	<b>Amount</b>	<b>Description</b>
<b>Reclassifications:</b>			
General	Intergovernmental	\$2,304	Recorded as Local Taxes
Road and Bridge	Intergovernmental	\$6,294	Recorded as Local Taxes
Cemetery	Intergovernmental	\$1,001	Recorded as Local Taxes
Fire Township	Intergovernmental	\$3,823	Recorded as Local Taxes
<b>Adjustments</b>			
Issue II	Intergovernmental Revenue/ Capital Outlay Expenditures	\$15,000	Not recorded.
Cemetery Bequest	Earnings on Investments	\$104	Not recorded.

Failure to consistently follow a uniform chart of accounts increases the possibility the Township will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. The Fiscal Officer should refer to Auditor of State Bulletins 2000-008 and 2002-004, which provide guidance on accounting for on-behalf-of programs when a local government or its residents are beneficiaries of the program. The Township Fiscal Officer should maintain the accounting system to enable the Township to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. The Fiscal Officer should also prepare accurate reconciliations of bank balances to book balances to ensure that all transactions have been properly posted. The Township should adopt procedures for the review of transactions posted to the accounting ledgers and subsequently to the financial statements.

**Officials' Response**

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

**MONROE TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Ohio Revised Code Section 5705.41D Certification of Expenditures	No	Reissued as finding number 2009-002.
2007-002	Posting Receipts and Expenditures	No	Reissued as finding number 2009-005.

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**Mary Taylor, CPA**  
Auditor of State

**MONROE TOWNSHIP**

**HARRISON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 4, 2010**