

**MONROE TOWNSHIP  
COSHOCKTON COUNTY  
Regular Audit  
For the Years Ended December 31, 2011 and 2010**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

Board of Trustees  
Monroe Township  
29120 County Road 49  
Warsaw, Ohio 43844

We have reviewed the *Independent Accountants' Report* of Monroe Township, Coshocton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

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

Dave Yost  
Auditor of State

October 9, 2012

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**MONROE TOWNSHIP  
COSHOCOTON COUNTY**

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**INDEPENDENT ACCOUNTANTS' REPORT**

June 25, 2012

Monroe Township  
Coshocton County  
29120 County Road 49  
Warsaw, OH 43844

To the Board of Trustees:

We have audited the accompanying financial statements of **Monroe Township**, Coshocton County, (the Township) as of and for the years ended December 31, 2011 and 2010. 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. 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 the 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 fourth 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, 2011 and 2010 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, 2011 and 2010 or their changes in financial position for the years then ended.

During a prior audit covering 2007 and 2006, the Township paid Trustee wages totaling \$15,229 and \$14,407, respectively, from the Gasoline Tax Fund without supporting documentation as required by Ohio Rev. Code Section 505.24(C) and 2004 Op. Att'y Gen. No. 2004-036. The Township has declined to make the full adjustment during prior audit periods and this audit period; however it made an adjustment of \$5,000 in each of the years ended December 31, 2011 and 2010.

Had the Township made the full adjustments, the effect would have resulted in an ending General Fund cash balance at December 31, 2011 totaling \$34,335 and a negative General Fund cash balance at December 31, 2010 totaling \$2,374. In addition, the Gasoline Tax Fund balance at December 31, 2011 and 2010 would have been \$60,523 and \$45,434, respectively.

Also, in our opinion, because of the effects of the matter the preceding two paragraphs describe, the financial statements referred to above do not present fairly, in all material respects, the combined fund cash balances of Monroe Township, Coshocton County as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1.F., during 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2012, 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.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.



**MONROE TOWNSHIP  
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Governmental Fund Types</b>		<b>Totals</b>
	<b>General</b>	<b>Special Revenue</b>	<b>(Memorandum Only)</b>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 31,909	\$ 1,836	\$ 33,745
Intergovernmental	31,393	97,881	129,274
Earnings on Investments	178	159	337
Miscellaneous	2,264	-	2,264
	<u>65,744</u>	<u>99,876</u>	<u>165,620</u>
<b>Total Cash Receipts</b>			
	<u>65,744</u>	<u>99,876</u>	<u>165,620</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	22,096	56,029	78,125
Public Works	735	20,612	21,347
Health	6,204	-	6,204
Capital Outlay	-	31,684	31,684
	<u>29,035</u>	<u>108,325</u>	<u>137,360</u>
<b>Total Cash Disbursements</b>			
	<u>29,035</u>	<u>108,325</u>	<u>137,360</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>36,709</u>	<u>(8,449)</u>	<u>28,260</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Note Proceeds	-	25,000	25,000
	<u>-</u>	<u>25,000</u>	<u>25,000</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>-</u>	<u>25,000</u>	<u>25,000</u>
<b>Net Change in Fund Cash Balances</b>	<u>36,709</u>	<u>16,551</u>	<u>53,260</u>
<b>Fund Cash Balance, January 1, As Restated</b> (See Note 7)	<u>17,262</u>	<u>32,425</u>	<u>49,687</u>
<b>Fund Cash Balance, December 31</b>			
Restricted	-	48,976	48,976
Unassigned (Deficit)	53,971	-	53,971
<i>Fund Cash Balance, December 31</i>	<u>\$ 53,971</u>	<u>\$ 48,976</u>	<u>\$ 102,947</u>

The accompanying notes are an integral part of these financial statements.

**MONROE TOWNSHIP  
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Governmental Fund Types</b>		<b>Totals</b>
	<b>General</b>	<b>Special Revenue</b>	<b>(Memorandum Only)</b>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 29,901	\$ 1,830	\$ 31,731
Intergovernmental	20,119	99,754	119,873
Earnings on Investments	148	173	321
Miscellaneous	778	-	778
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	50,946	101,757	152,703
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
General Government	30,260	50,817	81,077
Public Works	386	44,579	44,965
Health	6,070	-	6,070
Capital Outlay	80	-	80
Debt Service:			
Redemption of Principal	-	8,311	8,311
Interest and Other Fiscal Charges	-	395	395
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	36,796	104,102	140,898
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	14,150	(2,345)	11,805
Fund Cash Balance, January 1, As Restated (See Note 7)	8,112	29,770	37,882
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balance, December 31</b>	<u>\$ 22,262</u>	<u>\$ 27,425</u>	<u>\$ 49,687</u>

The accompanying notes are an integral part of these financial statements.

**MONROE TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Monroe Township, Coshocton County (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected three-member Board of Trustees and a publicly elected Fiscal Officer direct the Township. The Township provides general governmental services, including road and bridge maintenance and cemetery maintenance.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The Township Fiscal Officer invests all available funds of the Township in an interest-bearing checking account.

**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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Funds:

**MONROE TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Motor Vehicle License Tax Fund - This fund receives motor vehicle tax money for constructing, maintaining and repairing Township roads.

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

**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, and 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.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**F. Fund Balance**

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**MONROE TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

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

**F. Fund Balance (Continued)**

**1. Nonspendable**

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

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

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

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**MONROE TOWNSHIP  
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

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

**G. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**2. EQUITY IN POOLED CASH**

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

	2011	2010
Demand deposits	\$ 102,947	\$ 49,687

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 61,020	\$ 65,744	\$ 4,724
Special Revenue	126,441	124,876	(1,565)
Total	\$ 187,461	\$ 190,620	\$ 3,159

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 68,584	\$ 29,035	\$ 39,549
Special Revenue	128,866	108,325	20,541
Total	\$ 197,450	\$ 137,360	\$ 60,090

**MONROE TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 50,529	\$ 50,946	\$ 417
Special Revenue	107,263	101,757	(5,506)
Total	\$ 157,792	\$ 152,703	\$ (5,089)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 54,846	\$ 36,796	\$ 18,050
Special Revenue	132,033	104,102	27,931
Total	\$ 186,879	\$ 140,898	\$ 45,981

**4. PROPERTY TAX**

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

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

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

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

**5. DEBT**

The Township entered into a note in 2005 for \$41,051 at an interest rate of 4.5% for the purchase of a backhoe. The Township paid off this note in August of 2010.

**MONROE TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**5. DEBT (Continued)**

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Promissory Note - Dump Truck	\$ 25,000	3.75%

The Township entered into a note in 2011 for \$25,000 with an interest rate of 3.75% for the purchase of a Dump Truck. Annual principal payments of \$5,000 plus accrued interest are due in October.

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

Year Ending December 31:	Promissory Note Dump Truck
2012	\$5,938
2013	5,750
2014	5,563
2015	5,375
2016	5,188
Total	\$27,814

**6. RETIREMENT SYSTEMS**

The Township's elected officials and employee belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2011 and 2010, members of PERS contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

**7. RISK MANAGEMENT**

Prior to 2009, the Township belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:



**MONROE TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retain 17.5% (15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009, respectively. The Township participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009, respectively. The Township does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (the latest information available), and include amounts for both OPRRM and OPHC:



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

June 25, 2012

Monroe Township  
Coshocton County  
29120 County Road 49  
Warsaw, OH 43844

To the Board of Trustees:

We have audited the financial statements of **Monroe Township**, Coshocton County, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 25, 2012, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and where the Trustee wages were paid from the Gasoline Tax Fund without supporting documentation in 2007 and 2006 and have not been adjusted accordingly by the Township. As described in Note 1 to the basic financial statements, we also noted that the Township implemented Governmental Accounting Standard No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011. 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 opinion 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. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

**Internal Control over Financial Reporting (Continued)**

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 2011-001 and 2011-002 described in the accompanying schedule of audit 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 no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**MONROE TOWNSHIP  
COSHOCTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010**

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

**FINDING NUMBER 2011-001**

**Material Weakness**

**Prior Audit Proposed Finding for Adjustment**

A proposed finding for adjustment was made during the prior audit for the years ending 2007 and 2006 for incomplete documentation to support Trustees wages paid from the Gasoline Tax Fund. As documentation was not maintained, the finding for adjustment was issued against the General Fund and in favor of the Gasoline Tax Fund.

During the current audit for the years ended 2011 and 2010, it was determined the Township had yet to make the proposed adjustment in full, although a total of \$10,000 was repaid as of the date of the financial statements, therefore resulting in an adverse opinion again. The Township's actions reflect a lack of oversight pertaining to financial reporting and internal control.

We recommend the Township continue to make an effort to make the prior audit proposed finding for adjustment to the accounting system.

**Management's Response:** We will continue to pay back the funds until all have been repaid.

**FINDING NUMBER 2011-002**

**Material Weakness**

**Financial Reporting/Posting Receipts and Expenditures**

Errors were noted in the Township's financial statements that required audit reclassifications as follows:

During 2011, Monroe Township misclassified \$25,000 in debt proceeds as Intergovernmental Revenue rather than Note Proceeds. Also, during 2011, the Township misclassified \$31,684 in Capital Outlay expenses as Public Works.

During 2010, Monroe Township misclassified \$8,311 in debt principal payments as Interest and Other Fiscal Charges rather than Redemption of Principal.

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

**Management's Response:** We will check with another fiscal officer to see what needs done to complete request.

**MONROE TOWNSHIP  
COSHOCTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Prior Audit Proposed Finding for Adjustment	No	Repeated as 2011-001
2009-002	Financial Reporting / Posting Receipts and Expenditures	No	Repeated as 2011-002



# Dave Yost • Auditor of State

**MONROE TOWNSHIP**

**COSHOCTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 23, 2012**