



Dave Yost • Auditor of State



MONROE TOWNSHIP  
GUERNSEY COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012 .....	4
Notes to the Financial Statements .....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings .....	13

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Monroe Township  
Guernsey County  
12345 Ash Road  
Newcomerstown, Ohio 43832

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Monroe Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Monroe Township, Guernsey County, Ohio, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

December 4, 2014

**MONROE TOWNSHIP  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$31,685	\$19,682			\$51,367
Licenses, Permits and Fees	201				201
Intergovernmental	7,096	70,504		\$10,657	88,257
Special Assessments		15,268	\$13,729		28,997
Miscellaneous	4,648	4,130			8,778
<i>Total Cash Receipts</i>	<u>43,630</u>	<u>109,584</u>	<u>13,729</u>	<u>10,657</u>	<u>177,600</u>
<b>Cash Disbursements</b>					
Current:					
General Government	42,302	562			42,864
Public Safety		12,000			12,000
Public Works	915	83,690		9,546	94,151
Health	66				66
Capital Outlay	4,907				4,907
Debt Service:					
Principal Retirement	2,836		11,286		14,122
Interest and Fiscal Charges	466		2,443		2,909
<i>Total Cash Disbursements</i>	<u>51,492</u>	<u>96,252</u>	<u>13,729</u>	<u>9,546</u>	<u>171,019</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,862)</u>	<u>13,332</u>	<u>0</u>	<u>1,111</u>	<u>6,581</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Financing Sources	4,456				4,456
<i>Total Other Financing Receipts (Disbursements)</i>	<u>4,456</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,456</u>
<i>Net Change in Fund Cash Balances</i>	<u>(3,406)</u>	<u>13,332</u>		<u>1,111</u>	<u>11,037</u>
<i>Fund Cash Balances, January 1</i>	29,339	54,970	593	8,434	93,336
<b>Fund Cash Balances, December 31</b>					
Restricted		68,302	593	9,545	78,440
Unassigned (Deficit)	25,933				25,933
<i>Fund Cash Balances, December 31</i>	<u>\$25,933</u>	<u>\$68,302</u>	<u>\$593</u>	<u>\$9,545</u>	<u>\$104,373</u>

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

**MONROE TOWNSHIP  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$29,084	\$18,553			\$47,637
Licenses, Permits and Fees	350				350
Intergovernmental	8,942	71,163		\$6,918	87,023
Special Assessments		15,393	\$13,729		29,122
Miscellaneous	475	4,471			4,946
<i>Total Cash Receipts</i>	<u>38,851</u>	<u>109,580</u>	<u>13,729</u>	<u>6,918</u>	<u>169,078</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	45,220	498			45,718
Public Safety		13,454			13,454
Public Works	1,935	106,108		3,003	111,046
Capital Outlay	1,674				1,674
Debt Service:					
Principal Retirement	3,022		10,877		13,899
Interest and Fiscal Charges	280		2,852		3,132
<i>Total Cash Disbursements</i>	<u>52,131</u>	<u>120,060</u>	<u>13,729</u>	<u>3,003</u>	<u>188,923</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(13,280)</u>	<u>(10,480)</u>	<u>0</u>	<u>3,915</u>	<u>(19,845)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Other Financing Sources	2,769				2,769
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>2,769</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,769</u>
<i>Net Change in Fund Cash Balances</i>	<u>(10,511)</u>	<u>(10,480)</u>	<u>0</u>	<u>3,915</u>	<u>(17,076)</u>
<i>Fund Cash Balance, January 1</i>	39,850	65,450	593	4,519	110,412
<b>Fund Cash Balance, December 31</b>					
Restricted		54,970	593	8,434	63,997
Unassigned (Deficit)	29,339				29,339
<i>Fund Cash Balance, December 31</i>	<u>\$29,339</u>	<u>\$54,970</u>	<u>\$593</u>	<u>\$8,434</u>	<u>\$93,336</u>

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



**MONROE TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**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 the Monroe Township, Guernsey 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, and cemetery maintenance. The Township contracts with the Antrim and Liberty Community Fire Departments to provide fire services and ambulance services.

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

**B. Accounting Basis**

These financial statements follow the accounting basis 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.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. 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:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

**MONROE TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

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

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

**3. Debt Service Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

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

**4. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.. The Township had the following significant Capital Project Fund:

Public Works Fund - The Township received Issue I monies to repair 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 or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments.

**2. Estimated Resources**

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

**3. Encumbrances**

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 2013 and 2012 budgetary activity appears in Note 3.

**MONROE TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance**

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

**1. Nonspendable**

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

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

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

**5. Unassigned**

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

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

**G. Property, Plant, and Equipment**

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

**MONROE TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**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:

	2013	2012
Demand Deposits	\$104,373	\$93,336

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,853	\$48,086	\$12,233
Special Revenue	102,611	109,584	6,973
Debt Service	13,728	13,729	1
Capital Projects	8,530	10,657	2,127
Total	\$160,722	\$182,056	\$21,334

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$51,492	(\$51,492)
Special Revenue	0	96,252	(96,252)
Debt Service	0	13,729	(13,729)
Capital Projects	0	9,546	(9,546)
Total	\$0	\$171,019	(\$171,019)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,142	\$41,620	\$6,478
Special Revenue	102,002	109,580	7,578
Debt Service	13,728	13,729	1
Capital Projects	6,918	6,918	0
Total	\$157,791	\$171,847	\$14,056

**MONROE TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. Budgetary Activity (Continued)**

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$52,131	(\$52,131)
Special Revenue	0	120,060	(120,060)
Debt Service	0	13,729	(13,729)
Capital Projects	0	3,003	(3,003)
Total	\$0	\$188,923	(\$188,923)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, Special Revenue, Debt Service and Capital Project funds by \$171,018 for the year ended December 31, 2013, and for the General, Special Revenue Debt Service and Capital Project Funds by \$188,922 for the year ended December 31, 2012. Also, contrary to Ohio Rev. Code § 5705.41(D), the Township did not consistently obtain the fiscal officer's prior certification before incurring an obligation.

**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.

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

**5. Debt**

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Commercial Loan	\$63,789	3.49%
Commercial Loan	9,142	3.80%
Total	\$72,931	

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

**MONROE TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**5. Debt (Continued)**

Year ending December 31:	Commerical Loan	Commerical Loan
2014	\$13,728	\$3,315
2015	13,728	3,315
2016	13,728	3,315
2017	13,728	0
2018	13,728	0
Total	\$68,640	\$9,945

**6. Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10 and 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14 and 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

**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.



# Dave Yost • Auditor of State

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

Monroe Township  
Guernsey County  
12345 Ash Road  
Newcomerstown, Ohio 43832

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Monroe Township, Guernsey County, Ohio (Township), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated December 4, 2014 wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-001 through 2013-005 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, opining 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 2013-001 through 2013-005.

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 4, 2014



**MONROE TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

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

**FINDING NUMBER 2013-001**

**Noncompliance/Material Weakness**

Ohio Rev. Code Chapter 133 allows various methods for subdivisions to incur debt. Ohio Rev. Code § 133.22 allows a subdivision to issue anticipatory securities, § 133.10 allows anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision.

Ohio Rev. Code § 133.14 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 and § 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question of 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.

In 2011, the Township signed commercial loans in the amounts of \$85,000 and \$15,000 at a local bank.

This type of debt does not meet the criteria for any of the debt allowed in Ohio Revised Code Chapter 133. 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.

We recommend the Township consult the Ohio Revised Code for allowable forms of debt for a Township and only incur allowable types of debt.

**FINDING NUMBER 2013-002**

**Noncompliance Citation/Material Weakness**

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure 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.

Additionally, Ohio Rev. Code § 5705.38(C) requires the following minimum level of budgetary control for subdivisions other than schools: "Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and within each, the amount appropriated for personal services."

The Township failed to pass an appropriation measure and no appropriation resolutions were filed with the County Auditor's Office for 2013 and 2012.

**MONROE TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2013-002 (Continued)**

**Noncompliance/Material Weakness - Ohio Rev. Code § 5705.38(A) (Continued)**

We recommend the Board of Trustees pass the appropriation resolutions on or about the first day of each year and document such approval in the minute record. The Fiscal Officer should then file the approved appropriation resolutions with the Guernsey County Auditor's Office. Otherwise, the Township should not expend any money until appropriations are passed. Alternately, the Township may pass a temporary appropriation measure to cover expenditures until the permanent appropriations are passed prior to April 1st of each year. We also recommend the Trustees pass the appropriation resolution at the legal level of control as required by law.

**FINDING NUMBER 2013-003**

**Noncompliance/Material Weakness**

Ohio Rev. Code § 5705.14(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

Expenditures exceeded appropriations in the following fund at December 31, 2013:

<b>Fund</b>	<b><u>Appropriations</u></b>	<b><u>Expenditures</u></b>	<b><u>Variance</u></b>
General	\$0	\$51,492	(\$51,492)
Special Revenue	0	96,252	(96,252)
Debt	0	13,729	(13,729)
Capital Projects	0	9,546	(9,546)

Expenditures exceeded appropriations in the following fund at December 31, 2012:

<b>Fund</b>	<b><u>Appropriations</u></b>	<b><u>Expenditures</u></b>	<b><u>Variance</u></b>
General	\$0	\$52,131	(\$52,131)
Special Revenue	0	120,060	(120,060)
Debt	0	13,729	(13,729)
Capital Projects	0	3,003	(3,003)

The Township's failure to limit expenditures to the amounts appropriated could result in deficit spending.

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

**MONROE TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**FINDING NUMBER 2013-004**

**Noncompliance/Material Weakness**

Ohio Admin. Code § 117-2-02(A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements. The Ohio Township Handbook (revised April 2013) 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.

Throughout the period, numerous receipts and expenditures were not posted into accurate line item account classifications based on the source of the receipt or purpose of the expenditure. For the audit period, ten reclassifications and adjustments, in the amount of \$18,966, for the General Fund, ten reclassifications and adjustments, in the amount of \$67,527 for Special Revenue Funds and four reclassifications, in the amount of \$32,751 for Debt Service Funds, were not posted into accurate line item account classifications within the funds based on the source of the receipt or purpose of the expenditure. As a result, reclassification and adjustment entries were required .

The significant adjustments, to which management agrees, are reflected in the accompanying financial statements.

The Township did not have control procedures in place to ensure the accuracy of the Fiscal Officer's revenue and expenditure line item account postings. Throughout the audit period various receipts and expenditures were not posted to accurate revenue expenditure line items.

We recommend the Fiscal Officer review guidance within the Ohio Township Handbook. This guidance will allow the Fiscal Officer to make proper postings to receipt and expenditure account classifications based on the source of the receipt or purpose of the expenditure. Someone independent of the Fiscal Officer, preferably a member of the Board of Trustees, should periodically review postings to the accounting system for accuracy.

**FINDING NUMBER 2013-005**

**Noncompliance/Material Weakness**

Ohio Rev. Code § 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further contracts and orders for expenditures lacking prior certification shall be null and void.

**MONROE TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**FINDING NUMBER 2013-005 (Continued)**

**Noncompliance/Material Weakness – Ohio Rev. Code § 5705.41(D) (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 §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

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 previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance of the taxing authority 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 taxing authority.

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 taxing authority 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.

The certification of available funds was not obtained for 31% of the 2013 and 22% of the 2012 disbursement transactions tested and there was no evidence of a "Then and Now" certificate being used by the Fiscal Officer.

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 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" certification should be used.

**MONROE TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b></p>
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**FINDING NUMBER 2013-005 (Continued)**

**Noncompliance/Material Weakness – Ohio Rev. Code § 5705.41(D) (Continued)**

We recommend the Township certify purchases to which Ohio Rev. Code § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language § 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification prior to the Township incurring a commitment, and only when the requirements of § 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

**Officials' Response:** The officials chose not to respond to the findings.

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# Dave Yost • Auditor of State

**MONROE TOWNSHIP- GUERNSEY**

**GUERNSEY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 23, 2014**