



OHIO AUDITOR OF STATE
KEITH FABER



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BASIC AUDIT REPORT

Monroe Township
Coshocton County
39843 County Road 33
Warsaw, Ohio 43844

We have completed certain procedures in accordance with Ohio Rev. Code § 117.01(G) to the accounting records and related documents of Monroe Township, Coshocton County, Ohio (the Township), for the years ended December 31, 2021 and 2020.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code § 117.11(A). Because our procedures were not designed to opine on the Township's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Township's financial statements, transactions or balances for the years ended December 31, 2021 and 2020.

The Township's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code § 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

Current Year Observations

1. **Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1)** require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training must include documentation either from the Attorney General's Office or from another entity certified by the Attorney General to provide the training to the elected official or his/her designee. Attendees who successfully complete the training will receive a certificate to serve as proof of training.

Two out of three elected officials with terms ending in 2021 or 2020, did not attend a required Certified Public Records Training or have an appropriate designee attend a training, due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders.

The elected officials, or their designee(s), should, during their term of office, attend public records training and maintain proof of completion of the training.

Current Year Observations (Continued)

2. **Ohio Rev. Code § 133** allows various methods for subdivisions to incur debt. Ohio Rev. Code § 133 allows a subdivision to issue anticipatory securities. Ohio Rev. Code § 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 § 133.15 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct. Ohio Rev. Code § 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

On June 16, 2018, the Board of Township Trustees signed a promissory note with Peoples Bank, in the amount of \$69,853, to finance the purchase of a Ford 550 Truck. The Township still held this note at December 31, 2021. This note did not meet the requirements set forth in Ohio Rev. Code § 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. The Board of Township Trustees should consult with the Township's legal counsel prior to the Township incurring future debt.

3. **Ohio Rev. Code § 149.43(B)(2)** states "to facilitate broader access to public records, a public office or the person responsible for public records shall organize and maintain public records in a manner that they can be made available for inspection or copying in accordance with division (B) of this §. A public office also shall have available a copy of its current records retention schedule at a location readily available to the public."

The Township was unable to provide a records retention policy.

The Township should establish a records retention policy and ensure it is readily available to the public.

4. **Ohio Rev. Code § 149.43(E)(2)** states that the public office shall distribute the public records policy adopted by the public office under this division to the employee of the public office who is the records custodian or records manager or otherwise has custody of the records of that office. The public office shall require that employee to acknowledge receipt of the copy of the public records policy.

The Township had a compliant public records policy that was provided by the Township Fiscal Officer, who is the Township's records custodian, however, we were unable to obtain written evidence the Fiscal Officer acknowledged receipt of the public records policy as described above. The Township should maintain written evidence the records custodian has acknowledged receipt of the public records policy.

Current Year Observations (Continued)

5. **Ohio Rev. Code § 505.24(C)** sets forth the method by which Township Trustees' Compensation should be allocated. Trustee salary is required to be paid from the Township General Fund or from other Township funds in such proportions as the Board may specify by resolution. Each Trustee shall certify the percentage of time spent working on matters to be paid from the Township General Fund and from other Township funds in such proportions as the kind of services performed. Auditor of State Bulletin 2013-002 further clarified that townships were not permitted to allocate 100 percent of officials' salaries to restricted funds. Township officials are required to attend board meetings, and such activities supporting the general business of the Township must be all allocated to the General Fund.

Ohio Rev. Code § 507.09 states, in part, that the township fiscal officer may be compensated from the township general fund or from other township funds based on the proportion of time the township fiscal officer spends providing services related to each fund. A township fiscal officer must document the amount of time the township fiscal officer spends providing services related to each fund by certification specifying the percentage of time spent working on matters to be paid from the township general fund or from other township funds in such proportions as the kinds of services provided.

During 2020, an annual Resolution authorizing the allocation of salaries for the Trustees and the Fiscal Officer was not approved by the Board. Trustee salaries were paid 25% from the General Fund and 75% from the Gasoline Tax Fund. Additionally, Fiscal Officer's salary was paid 75% from the General Fund and 25% from the Gasoline Tax Fund. Certifications were only available for the months of January and February 2020.

Additionally, during 2021, Trustees did approve an annual Resolution authorizing the allocation of salaries for the Trustees, which was 100% from the Gasoline Tax Fund. Certifications were not available for the entire year. However, 100% allocation to the Gasoline Tax Fund is unreasonable as the Trustees do handle general government activities. It was determined by the Board that 10% of their time (or \$3,135) is spent on governmental activities. This resulted in an overstatement in the General Fund and an understatement in the Gasoline Tax fund in the amount of \$3,135. The adjustment was agreed to by management was posted to the Township's records.

The Township should implement procedures to ensure that an annual Resolution is approved regarding the allocation of salaries. Additionally, certifications should be properly completed for each pay period and maintained as supporting documentation.

6. **Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Township inappropriately recorded the following receipts:

- In 2021, the Township improperly recorded \$5,305 in motor vehicle license tax monies in the Gasoline Tax fund instead of the Motor Vehicle Licenses Tax fund. This resulted in the Gasoline Tax fund balance being overstated while the Motor Vehicle License Tax fund was understated by \$5,305.
- In 2020, the Township collected fees from the residents for the chip and seal project. The chip and seal project was paid out of the Gasoline Tax fund; however, \$889 in fees collected from residents was improperly recorded within the General fund. This resulted in the General fund balance being overstated while the Gasoline Tax Fund was understated by \$889.

Audit adjustments are reflected in the accounting records, correcting the misstatements.

Current Year Observations (Continued)

6. Ohio Rev. Code § 5705.10(D) (Continued)

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Township should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.



Keith Faber
Auditor of State
Columbus, Ohio

September 6, 2022

OHIO AUDITOR OF STATE KEITH FABER



**MONROE TOWNSHIP
COSHOCTON COUNTY**

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/20/2022

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This report is a matter of public record and is available online at
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