

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569



**MONROE TOWNSHIP
CLERMONT COUNTY
Agreed-Upon Procedures
For the Years Ended December 31, 2015 and 2014**

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...“bringing more to the table”

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Trustees
Monroe Township
2828 St. Rt. 222
Bethel, Ohio 45106

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Monroe Township, Clermont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code

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

July 25, 2016

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**MONROE TOWNSHIP
CLERMONT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	1



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

June 28, 2016

Monroe Township
Clermont County
2828 St. Rt. 222
Bethel, Ohio 45106

To the Board of Trustees:

We have performed the procedures enumerated below, with which the Board of Trustees and the management of **Monroe Township**, Clermont County, Ohio (the Township) and the Auditor of State agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2015 and 2014, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2015 and December 31, 2014 bank reconciliations. We noted cash did not reconcile by \$163 in 2014 and \$82 in 2015 without any other supporting documentation. We noted no other exceptions.
2. We agreed the January 1, 2014 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances to the December 31, 2013 balances in the prior year Agreed-Upon Procedures working papers. The December 31, 2013 ending balance for the Special Revenue Fund did not agree to the January 1, 2014 beginning balance. The December 31, 2013 Special Revenue Fund balance was \$977,694 and the January 1, 2014 Special Revenue Fund balance was \$977,787. The difference was due to a voided check.

...*"bringing more to the table"*

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Cash and Investments (Continued)

2. We also agreed the January 1, 2015 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances to the December 31, 2014 balances in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances. The December 31, 2014 ending balances for the General and Special Revenue Funds did not agree to the January 1, 2015 beginning balances. The December 31, 2014 General and Special Revenue Fund balances were \$5,414 and \$1,076,111 and the January 1, 2015 General and Special Revenue Fund balances were \$2,014 and \$1,075,263. The difference in the General Fund was due to an adjustment for incorrectly recording a bank transfer and the difference for the Special Revenue Fund was due to voided checks, a double receipt posting adjustment, electronic payment not entered into the UAN system, and an incorrectly posted payroll expenditure. We noted no other exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2015 and 2014 fund cash balances reported in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances. The amounts agreed.
4. We confirmed the December 31, 2015 bank account balances with the Township's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2015 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2015 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.
6. We tested interbank account transfers occurring in December of 2015 and 2014 to determine if they were properly recorded in the accounting records and on each bank statement. We noted in 2014, a bank transfer from Star Ohio to Fifth Third bank was not accounted for correctly in the UAN system and we also noted in 2015 a transfer from Star Ohio to Star Ohio Plus was not updated in the UAN accounting system. No other exceptions were noted.
7. We tested investments held at December 31, 2015 and December 31, 2014 to determine that they:
 - a. Were a type authorized by Ohio Rev. Code Sections 135.13, 135.14, 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2015 and one from 2014:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger. We noted the amounts tested in 2014 and 2015 were recorded at net instead of gross. We also traced the advances noted on the *Statement* to the Revenue Ledger. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions, however we noted the property tax receipt amounts tested in 2015 were improperly posted as intergovernmental instead of property taxes. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Revenue Ledger to determine whether it included two real estate tax receipts for 2015 and 2014. We noted the Revenue Ledger included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2015 and all from 2014. We also selected five receipts from the Clermont County Vendor Payment Detail from 2015 and five from 2014.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We noted Manufactured Home Rollback receipts were recorded entirely to the Fire and Rescue, Ambulance, and EMS Fund instead of the General Fund, Road and Bridge Fund, Police Department Fund, Fire Department Fund, and Life Squad Fund per the *Statement of Semiannual Apportionment of Taxes* in 2014. The Township has posted an adjustment to their accounting system. No other exceptions were noted.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amount paid from the Public Entity Risk Services of Ohio to the Township during 2015 to supporting documentation. We found no exceptions.
 - a. We determined whether this receipt was allocated to the proper fund. We found no exceptions.
 - b. We determined whether the receipt was recorded in the proper year. We found no exceptions.
5. We confirmed the amounts paid from Barrett, Easterday, Cunningham, & Eselgroth LLP to the Township during 2015 to supporting documentation. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.
6. We confirmed the amount paid from FEMA to the Township during 2015 to supporting documentation. We found no exceptions.
 - a. We determined whether this receipt was allocated to the proper fund. We noted FEMA receipts and expenditures were not recorded in a separate FEMA fund. However, we noted the grant receipts were expended properly according to the grant requirements. We found no other exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Over-The-Counter Cash Receipts

We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2014 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Revenue Ledger. The amounts agreed.
- b. Amount charged complied with rates in force during the period. We found no exceptions.
- c. Receipt was posted to the proper fund(s), and was recorded in the proper year. We found no exceptions.

Debt

- 1. From the prior agreed-upon procedures documentation, we noted the following debt outstanding as of December 31, 2013. These amounts agreed to the Township's January 1, 2014 Balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2013:
Municipal Lease Purchase Agreement	\$24,058.81

- 2. We inquired of management, and scanned the Revenue Ledger and Appropriation Ledger for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. All debt noted agreed to the summary we used in step 3
- 3. We obtained a summary of loan activity for 2015 and 2014 and agreed principal and interest payments from the related debt amortization schedules to Fire Department and Life Squad Fund payments reported in the Appropriation Ledger. We also compared the date the debt payments were due to the date the Township made the payments. We noted principal and interest payments were not correctly allocated to principal and interest. We noted no other exceptions.
- 4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Fire Department and Life Squad Funds per the Receipt Register Report. The Township did not properly record the loan proceeds and corresponding capital outlay expenditure.
- 5. For new debt issued during 2015 and 2014, we inspected the debt legislation, noting the Township must use the proceeds to purchase a 2014 Ford Expedition. We noted the township purchased a Ford Expedition.

Payroll Cash Disbursements

- 1. We haphazardly selected one payroll check for five employees from 2015 and one payroll check for five employees from 2014 from the Wage Detail Reports and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Reports to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the minute record or as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.

Payroll Cash Disbursements (Continued)

2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2015 to determine whether the remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employers share, where applicable, during the final withholding period of 2015. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2016	December 24, 2015	\$ 6,999.87	\$ 6,999.87
State income taxes	January 15, 2016	January 27, 2016	\$ 1,644.53	\$ 1,644.53
OPERS retirement	January 30, 2016	January 20, 2016	\$ 2,966.48	\$ 2,966.48
OP&F retirement	January 31, 2016	January 19, 2016	\$ 4,323.90	\$ 4,323.90

As noted above, state income taxes were not paid timely.

3. We inquired of management and scanned the Appropriation Ledger for the years ended December 31, 2015 and 2014 to determine if Township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. Insurance reimbursements made were in compliance with ORC 505.60 and 505.601 and federal regulations. We noted a portion of the Fiscal Officer's insurance reimbursements were not included as taxable income in 2014. No other exceptions were noted.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Appropriation Ledger for the year ended December 31, 2015 and ten from the year ended 2014 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Appropriation Ledger and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found five instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Motor Vehicle License Tax, and Gasoline Tax funds for the years ended December 31, 2015 and 2014. The amounts on the *Certificate* agreed to the amounts recorded in the accounting system, except for the General, Motor Vehicle License Tax, and Gasoline Tax Funds in 2015. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Motor Vehicle License Tax, and Gasoline Tax Funds of \$213,157, \$8,000, and \$90,600 respectively for 2015. However, the final *Official Certificate of Estimated Resources* reflected \$201,066, \$9,724, and \$205,302 for 2015. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
2. We scanned the appropriation measures adopted for 2015 and 2014 to determine whether, for the General, Motor Vehicle License Tax, and Gasoline Tax Funds, the Trustees appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2015 and 2014 for the following funds: General, Motor Vehicle License Tax, and Gasoline Tax Funds. The amounts per the appropriations resolutions agreed except for the General Fund and Gasoline Tax Fund in 2015 and did not agree for all funds in 2014. The Appropriation Status Report recorded appropriations for the General Fund and Gasoline Tax Fund of \$213,692 and \$274,570 respectively for 2015. However, the final total appropriations reflected \$216,492 and \$151,708 respectively for 2015. The Appropriation Status Report recorded appropriations for the General Fund, Motor Vehicle License Tax Fund, and Gasoline Tax Fund of \$258,888, \$33,000, and \$248,768 respectively for 2014. However, the final total appropriations reflected \$255,514, \$8,000, and \$186,600 respectively for 2014. No other exceptions were noted. The fiscal officer should periodically compare amounts recorded in the Appropriation Status Report to appropriations approved by the Board of Trustees to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Motor Vehicle License Tax, and Gasoline Tax Funds for the years ended December 31, 2015 and 2014. We noted that General Fund appropriations for 2015 exceeded certified resources by \$8,516, contrary to Ohio Rev. Code Section 5705.39. The Trustees should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Township to incur fund balance deficits.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2015 and 2014 for the General, Motor Vehicle License Tax, and Gasoline Tax Funds, as recorded in the Appropriation Status Report. All amounts agreed except that Gasoline Tax Fund expenditures for 2015 exceeded total appropriations by \$111,339, contrary to Ohio Rev. Code Section 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Treasurer may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.

Compliance – Budgetary (Continued)

6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Revenue Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2015 and 2014. We also inquired of management regarding whether the Township received new restricted receipts. The Township established a Cemetery Fund during 2014 to segregate restricted estate receipts received specifically for the general maintenance of the township cemetery. We also noted the Township did not establish a separate Federal Emergency Management Agency fund during 2015 to segregate receipts and disbursements in compliance with Section 5705.09 and 2 CFR Part 176.210. We noted no other exceptions.
7. We scanned the 2015 and 2014 Revenue Ledgers and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We noted the Township advanced \$20,000 from the Permissive Motor Vehicle License Tax Fund to the General Fund in 2015. Ohio Rev. Code Section 5705.16 does not permit this transfer without approval of the Tax Commissioner and the Court of Common Pleas. The Township did not obtain this approval. We therefore requested management to adjust this amount back to the Permissive Motor Vehicle License Tax Fund. We noted the Township made the advance back to the Permissive Motor Vehicle Fund in February 2016.
8. We inquired of management and scanned the Appropriation Status Report to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Township did not establish these reserves.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2015 and 2014 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Appropriation Ledger for the years ended December 31, 2015 and 2014 to determine if the Township proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct township roads (cost of project \$5,000- \$15,000/per mile) for which Ohio Rev. Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires entities to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the Township filed their financial information within the allotted timeframe for the years ended December 31, 2015 and 2014. Financial information was filed on March 2, 2016, which was not within the allotted timeframe for 2015. We noted the Township did not file notes as a required part of the annual financial reporting for 2015. No other exceptions noted.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and those charged with governance, the Auditor of State and others within the Township and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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Dave Yost • Auditor of State

MONROE TOWNSHIP

CLERMONT 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
AUGUST 4, 2016**