

***MONROE TOWNSHIP
MADISON COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2015 & 2014





Dave Yost • Auditor of State

Board of Trustees
Monroe Township
15 4th St
Plumwood, OH 43140

We have reviewed the *Independent Auditor's Report* of Monroe Township, Madison County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2014 through December 31, 2015. 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.

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 26, 2016

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**MONROE TOWNSHIP
MADISON COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2015 & 2014**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Monroe Township
Madison County
15 4th Street
Plumwood, Ohio 43140

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Monroe Township, Madison County, Ohio (the Township), as of and for the years ended December 31, 2015 and 2014.

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 Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 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.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2015 and 2014, 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, Clinton County, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 June 21, 2016, 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.



Charles E. Harris & Associates, Inc.

June 21, 2016

**MONROE TOWNSHIP
MADISON COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2015**

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property Taxes	\$ 50,786	\$ -	\$ -	\$ 50,786
Intergovernmental	22,065	87,250	-	109,315
Fines, Licenses and Permits	-	5,360	-	5,360
Interest	13	14	23	50
Other	849	9,949	-	10,798
Total Receipts	<u>73,713</u>	<u>102,573</u>	<u>23</u>	<u>176,309</u>
Disbursements:				
Current:				
General Government	46,470	18,383	-	64,853
Public Safety	1,161	-	-	1,161
Public Works	-	26,204	-	26,204
Health	-	1,250	-	1,250
Capital Outlay	250	63,372	-	63,622
Total Disbursements	<u>47,881</u>	<u>109,209</u>	<u>-</u>	<u>157,090</u>
Total Receipts Over/(Under) Disbursements	<u>25,832</u>	<u>(6,636)</u>	<u>23</u>	<u>19,219</u>
Other Financing Sources/(Uses):				
Sale of Capital Assets	-	34,000	-	34,000
Total Other Financing Sources/(Uses)	<u>-</u>	<u>34,000</u>	<u>-</u>	<u>34,000</u>
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	<u>25,832</u>	<u>27,364</u>	<u>23</u>	<u>53,219</u>
Fund Cash Balance, January 1, 2015	<u>123,990</u>	<u>195,874</u>	<u>299,417</u>	<u>619,281</u>
Fund Cash Balance:				
Restricted	-	223,238	-	223,238
Committed	-	-	299,440	299,440
Assigned	2,753	-	-	2,753
Unassigned	147,069	-	-	147,069
Fund Cash Balance, December 31, 2015	<u>\$ 149,822</u>	<u>\$ 223,238</u>	<u>\$ 299,440</u>	<u>\$ 672,500</u>

See Accompanying Notes to the Financial Statements.

**MONROE TOWNSHIP
MADISON COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2014**

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property Taxes	\$ 39,052	\$ -	\$ -	\$ 39,052
Intergovernmental	14,654	102,017	-	116,671
Fines, Licenses and Permits	-	2,801	-	2,801
Interest	22	38	48	108
Other	592	5,819	-	6,411
Total Receipts	<u>54,320</u>	<u>110,675</u>	<u>48</u>	<u>165,043</u>
Disbursements:				
Current:				
General Government	49,818	14,414	-	64,232
Public Safety	936	-	-	936
Public Works	-	68,893	-	68,893
Health	-	5,985	-	5,985
Capital Outlay	68	89,986	-	90,054
Total Disbursements	<u>50,822</u>	<u>179,278</u>	<u>-</u>	<u>230,100</u>
Total Receipts Over/(Under) Disbursements	3,498	(68,603)	48	(65,057)
Fund Cash Balance, January 1, 2014	<u>120,492</u>	<u>264,477</u>	<u>299,369</u>	<u>684,338</u>
Fund Cash Balance:				
Restricted	-	195,874	-	195,874
Committed	-	-	299,417	299,417
Unassigned	123,990	-	-	123,990
Fund Cash Balance, December 31, 2014	<u>\$ 123,990</u>	<u>\$ 195,874</u>	<u>\$ 299,417</u>	<u>\$ 619,281</u>

See Accompanying Notes to the Financial Statements.

MONROE TOWNSHIP
MADISON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Monroe Township, Madison County, Ohio (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. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Central Townships Joint Fire District to provide fire services and with the Madison Emergency Medical District to provide ambulance services.

The Township participates in two jointly governed organizations and is associated with a public entity risk pool. Note 7 and Note 6 to the financial statements provide additional information for these entities. The organizations are:

Jointly Governed Organizations:

The Township is a member of the Central Townships Joint Fire District which provides fire services to a multi Township area.

The Township is a member of the Madison Emergency Medical District which provides ambulances services within its District and by contract to areas outside of its District.

Public Entity Risk Pool:

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members.

B. BASIS OF ACCOUNTING

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. 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.)

The statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

MONROE TOWNSHIP
MADISON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. DEPOSIT AND INVESTMENTS

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded 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:

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

3. Capital Project Funds

This fund accounts for and reports financial resources that are committed 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:

Permanent Improvement Fund – This fund is to account for monies set aside by the Township for construction and repair of Township roads.

MONROE TOWNSHIP
MADISON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS

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

1. Appropriations

Budgetary disbursements (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. Unencumbered 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 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 carried over and need not be reappropriated.

A summary of 2015 and 2014 budgetary activity appears in Note 4.

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.

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.

MONROE TOWNSHIP
MADISON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. FUND BALANCE – (Continued)

3. **Committed**

The 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 restrict 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 the Township Trustees.

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.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

MONROE TOWNSHIP
MADISON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS – (Continued)

	2015	2014
Demand Deposits	\$142,498	\$88,692
Certificates of Deposit	530,002	530,589
Total Deposits	\$672,500	\$619,281

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution’s public entity deposit pool.

3. PROPERTY TAXES

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.

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

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs Actual Receipts

<u>Fund:</u>	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 69,738	\$ 73,713	\$ 3,975
Special Revenue Funds	121,334	136,573	15,239
Capital Project Funds	35	23	(12)

2015 Budgeted vs Actual Budgetary Basis Disbursements

<u>Fund:</u>	Appropriation Authority	Budgetary Disbursements	Variance
General Fund	\$ 139,610	\$ 50,634	\$ 88,976
Special Revenue Funds	232,785	125,851	106,934
Capital Project Funds	1	-	1

MONROE TOWNSHIP
MADISON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

4. BUDGETARY ACTIVITY – (Continued)

<u>Fund:</u>	<u>2014 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	
General Fund	\$ 50,956	\$ 54,320	\$ 3,364
Special Revenue Funds	112,971	110,675	(2,296)
Capital Project Funds	30	48	18

<u>Fund:</u>	<u>2014 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation</u> <u>Authority</u>	<u>Budgetary</u> <u>Disbursements</u>	
General Fund	\$ 142,060	\$ 50,822	\$ 91,238
Special Revenue Funds	328,824	236,273	92,551
Capital Project Funds	1	-	1

5. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants’ gross salaries. The Township has paid all contributions required through December 31, 2015.

6. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool.

**MONROE TOWNSHIP
MADISON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014**

6. RISK MANAGEMENT – (Continued)

Risk Pool Membership – (continued)

Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$3,258.

**MONROE TOWNSHIP
MADISON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014**

6. RISK MANAGEMENT – (Continued)

Risk Pool Membership – (continued)

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2014</u>	<u>2015</u>
\$ 4,468	\$ 6,147

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

7. JOINTLY GOVERNED ORGANIZATIONS

The Central Townships Joint Fire District (the Fire District) was incorporated in May, 2007 and in June 2007 the Fire District changed from a not-for-profit to a tax authority as a body corporate and politic. The Fire District is legally separate from any other entity and is made up of five participating townships: Deercreek, Monroe, Oak Run, Paint and Union and one nonparticipating township, Somerford Township. Each participating township within the Fire District appoints one member to the Board. The Fire District provides fire protection to participating townships.

Further detailed financial information may be obtained by contacting the Central Townships Joint Fire Department at Central Townships Joint Fire District, 75 Middle Street, London, OH 43140.

MONROE TOWNSHIP
MADISON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

7. JOINTLY GOVERNED ORGANIZATIONS – (Continued)

The Madison Emergency Medical District (the Medical District), is a body politic and corporate established in 1983 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Medical District is directed by an appointed seven-member Board of Trustees. One board member is appointed by each political subdivision within the Medical District. Those subdivisions are the City of London, DeerCreek Township, Monroe Township, Oak Run Township, Paint Township, Somerford Township, and Union Township. The District also has a Clerk appointed by the Board who serves at the pleasure of the Board. The Medical District provides ambulances services within the Medical District and by contract to areas outside the Medical District.

Further detailed financial information may be obtained by contacting the Madison Emergency Medical District, P.O Box 68, London, OH 43140.

8. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Monroe Township
Madison County
15 4th Street
Plumwood, Ohio 43140

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 cash balances, receipts, and disbursements by fund type of Monroe Township, Madison County (the Township), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated June 21, 2016 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Controls 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.

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

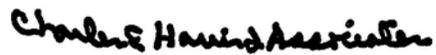
Compliance and Other Matters

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 21, 2016.

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.



Charles E. Harris & Associates, Inc.
June 21, 2016

MONROE TOWNSHIP
MADISON COUNTY, OHIO
For the Years Ended December 31, 2015 and 2014

SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2013-001	Material weakness: Posting errors/Fund balance classification errors	No	Partially Corrected: Moved to management letter

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Dave Yost • Auditor of State

MONROE TOWNSHIP

MADISON 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 9, 2016**