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**MONROE TOWNSHIP
ASHTABULA COUNTY
Agreed-Upon Procedures
For the Years Ended December 31, 2016 and 2015**

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Dave Yost • Auditor of State

Board of Trustees
Monroe Township
2650 SR 7 North
Pierpont, Ohio 44082

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Monroe Township, Ashtabula County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the period January 1, 2015 through December 31, 2016. 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

August 25, 2017

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**MONROE TOWNSHIP
ASHTABULA COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

July 21, 2017

Monroe Township
Ashtabula County
2650 SR 7 North
Pierpont, Ohio 44082

To the Board of Trustees:

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of **Monroe Township**, Ashtabula County, Ohio (the Township) and the Auditor of State, on the receipts, disbursements and balances recorded in the Townships cash basis accounting records for the years ended December 31, 2016 and 2015 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Township. The Township is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2016 and 2015 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township. 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 recalculated the December 31, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We 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 prior year audited statements. We noted that the beginning balance was \$12,428 less than the ending audited balance. This was due to the Fiscal Officer recording fund balance adjustments for 2014 incorrectly. These amounts were adjusted in step 3 and step 6 below. We also agreed the January 1, 2016 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances to the December 31, 2015 balances in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances. We found no exceptions.

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Cash and Investments (Continued)

3. We agreed the totals per the bank reconciliations to the total of the December 31, 2016 and 2015 fund cash balances reported in the Fund Status report. The amounts did not agree. In 2015, a one-sided fund balance adjustment was made reducing the Capital Projects Fund by \$12,500; however the corresponding increase was not made to the General Fund. The Township has posted an adjustment to their accounting system increasing the General Fund by \$12,500.
4. We confirmed the December 31, 2016 bank account balances with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2016 bank reconciliation without exception. However, the Township used other adjusting factors to balance throughout the year. At December 31, 2016 and 2015 the variances between the bank and book balances were \$742 and \$129, respectively.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 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 inspected the Fund Status Report to determine whether the Finding For Adjustment identified in the prior audit report, due from the General Fund, payable to the Road and Bridge, Fire Levy I, and Fire Levy II Funds, was properly posted to the report. We found the adjustment was not posted properly. The Township has posted an adjustment to their accounting system decreasing the General Fund by \$72 to correct this misposting.
7. We inspected investments held at December 31, 2016 and December 31, 2015 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 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 haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2016 and one from 2015:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger. We also traced the advances noted on the Statement to the Revenue Ledger. The amounts agreed.
 - b. We inspected the Revenue Ledger to determine whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. The township posted a portion of the Road & Bridge and Fire Levy II Funds' allocations to the Debt Service fund. Rather than posting property tax revenue to Debt Service, they should have made a transfer from the Road & Bridge and Fire Levy II Funds to the Debt Service Fund. We found no other exceptions.
 - c. We inspected the Revenue Ledger to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts (Continued)

2. We inspected the Revenue Ledger to determine whether it included two real estate tax receipts for 2016 and 2015. We noted the Revenue Ledger included the proper number of tax receipts for each year. However, we did determine in 2015 that a portion of Rollback receipts were posted to Property and Other Local Taxes instead of Intergovernmental.
3. We haphazardly selected five receipts from the State Distribution Transaction Lists (DTL) from 2016 and all from 2015. We also haphazardly selected five receipts from the County Auditor's Vendor Payment Detail from 2016 and five from 2015.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. We inspected the Revenue Ledger to determine whether these receipts were allocated to the proper funds. In 2016, one homestead rollback receipt was recorded entirely in the General Fund. In 2015, one mobile home rollback receipt was recorded entirely in the General Fund. The Township has posted an adjustment to their accounting system decreasing the General Fund by \$24,445 and increasing the Road & Bridge, Fire Levy I, and Fire Levy II Funds by \$13,633, \$5,406, and \$5,406 respectively. We noted no other exceptions.
 - c. We inspected the Revenue Ledger to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. From the prior audit documentation, we observed the following note was outstanding as of December 31, 2014. This amount agreed to the Township's January 1, 2015 balance on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2014:
General Obligation Note: Equipment	\$82,004

2. We inquired of management, and inspected the Revenue Ledger and Appropriation Ledger for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt noted agreed to the summary we used in Step 3.
3. We obtained a summary of note debt activity for 2016 and 2015 and agreed principal and interest payments reported from the related debt amortization schedules to the Debt Service Fund payments reported in the Appropriation Ledger. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions. However, we noted the payments were posted entirely to principal rather than being allocated between principal and interest in 2015.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2016 and one payroll check for five employees from 2015 from the Wage Detail and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We noted that the Fiscal Officer was underpaid by \$637 in 2016. We found no other exceptions.

Payroll Cash Disbursements (Continued)

- b. We inspected the fund and account codes to which the check was posted to determine the posting was 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.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2016 to confirm 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 2016. 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, 2017	January 3, 2017	\$ 3,418.95	\$ 3,418.95
State income taxes	January 15, 2017	January 4, 2017	\$ 252.99	\$ 252.99
OPERS retirement	January 30, 2017	January 4, 2017	\$ 3,056.07	\$ 3,056.07

3. We inquired of management and inspected the Appropriation Ledger for the years ended December 31, 2016 and 2015 to determine if Township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. We noted one Trustee and one employee were reimbursed for medical expenses paid out-of-pocket. These reimbursements were in violation of ORC 505.60 and 505.601 and were not included in the employees' gross wages. Additionally, one reimbursement for the Trustee was paid out of the Road and Bridge Fund instead of the General Fund and reimbursements for the employee were paid out of the Road and Bridge Fund instead of the Gasoline Tax Fund. The Township has posted an adjustment to their accounting system increasing the Road and Bridge Fund by \$7,528 and decreasing the General Fund and Gasoline Tax Fund by \$968 and \$6,560, respectively.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2016 and ten from the year ended 2015 and determined whether:
- a. The disbursements were for a proper public purpose. We found one exception in 2015 related to an improper health insurance reimbursement. We found no other 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 Payment Register Detail Report and to the names and amounts on the supporting invoices. We found two exceptions in 2016 relating to incorrect warrant numbers entered into the system for 20 sequential checks. We found no other 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.

Non-Payroll Cash Disbursements (Continued)

- 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 one instance in 2015 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 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, Gasoline Tax, and Road and Bridge Funds for the years ended December 31, 2016 and 2015. In 2016, the amounts on the *Certificate did not* agree to the amount recorded in the accounting system for all funds tested. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Gasoline Tax, and Road and Bridge Fund of \$172,690, \$82,002, and \$164,550, respectively, for 2016. However, the final *Amended Official Certificate of Estimated Resources* reflected \$152,955, \$90,002, and \$174,162 respectively. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the Road and Bridge Fund in 2015. The Revenue Status Report recorded budgeted (i.e. certified) resources for the Road and Bridge Fund of \$165,100 for 2015. However, the final *Amended Official Certificate of Estimated Resources* reflected \$172,622. 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 inspected the appropriation measures adopted for 2016 and 2015 to determine whether, for the General, Gasoline Tax, and Road and Bridge 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 2016 and 2015 for the following funds: General, Gasoline Tax, and Road and Bridge Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report except for the General and Gasoline Tax Funds in 2016 and the General Fund in 2015. The amounts on the appropriation resolution were \$205,712, \$82,000 and \$198,381, respectively, while the Appropriation Status reported the amounts as \$287,048, \$86,000, and \$199,381, respectively. The Fiscal Officer should periodically compare amounts recorded in the Appropriation Status report to amounts recorded on the appropriation resolution to assure they agree. If the amounts do not agree, 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, Gasoline Tax, and Road and Bridge Funds for the years ended December 31, 2016 and 2015. We noted no funds for which appropriations exceeded certified resources.

Compliance – Budgetary (Continued)

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, 2016 and 2015 for the General, Gasoline Tax, and Road and Bridge Funds, as recorded in the Appropriation Status Report. We noted that Gasoline Tax Fund expenditures for 2016 exceeded total appropriations by \$2,982, 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 Fiscal Officer may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Revenue Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2016 and 2015. We also inquired of management regarding whether the Township received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. For funds existing in prior years, we inspected the fund activity to determine whether the funds are still being used for the statutorily approved purpose and that all the required funds were established. We noted all the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2016 and 2015 Revenue Ledgers and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
9. We inquired of management and inspected 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 established a reserve balance account in the Fire Levy II Fund in 2016 for future equipment purchases pursuant to Ohio Rev. Code Section 5705.132. Ohio Rev. Code Section 5705.132 limits the balance in this account to five percent of the preceding year's receipts plus any unencumbered balances carried over to the current fiscal year. The balance in this account was \$57,000 as of December 31, 2016, which exceed this limit by \$3,163.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2016 and 2015 for negative cash fund balances. 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 inspected the Appropriation Ledger for the years ended December 31, 2016 and 2015 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 townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2016-007, within the allotted timeframe for the years ended December 31, 2016 and 2015 in the Hinkle system. The 2015 financial information was filed on February 6, 2017 which was not within the allotted timeframe. No other exceptions noted.
2. We inquired of the fiscal officer and/or inspected the Fiscal Integrity Act Portal to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. We noted the Fiscal Officer's term ended on 3/31/16 and her new term began on 4/1/16. The required training did not apply to her past term. The Fiscal Officer still has the rest of her new term to complete the required training. No exceptions noted.

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

This report is for the use of the Township to assist in evaluating it's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2016 and 2015, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



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



Dave Yost • Auditor of State

MONROE TOWNSHIP

ASHTABULA 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
SEPTEMBER 12, 2017**