



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Monroe Township  
Muskingum County  
9700 Edgemoor Road  
New Concord, Ohio 43762

We have performed the procedures enumerated below on Monroe Township's, Muskingum County, Ohio (the Township), receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2020 and 2019 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, 2020 and 2019 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township.

The Board of Trustees and the management of the Township have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing assistance in the evaluation of the Township's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2020 and 2019, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the 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.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

### Cash

1. We recalculated the December 31, 2020 and December 31, 2019 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2019 beginning fund balances for each opinion unit recorded in the Fund Ledger Report to the December 31, 2018 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2020 beginning fund balances for each fund recorded in the Fund Ledger Report to the December 31, 2019 balances in the Fund Ledger Report. We found no exceptions. In addition, we noted a fund balance adjustment of \$944 posted on June 29, 2019 reducing the General Fund balance and increasing the Gasoline Tax Special Revenue Fund balance, but no finding for adjustments was noted in the prior audit.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2020 and 2019 fund cash balances reported in the Fund Status Report and the financial statements filed by the Township in the Hinkle System. The amounts agreed.

**Cash (Continued)**

4. We confirmed the December 31, 2020 bank account balance through the Ohio Pooled Collateral System. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2020 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2020 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, and determined the debits were dated prior to December 31. There were no exceptions.

**Property Taxes and Intergovernmental Cash Receipts**

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Lists (DTL), the County Auditor GL Activity Report and Expenditure Report for Muskingum County for 2020 and a total of five from 2019:
  - a. We compared the amount from the above named reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
  - b. We inspected the Receipt Detail Report to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We inspected the Receipt Detail Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Receipt Detail Report to determine whether it included two real estate tax receipts for 2020 and 2019. The Receipt Detail Report included the proper number of tax receipts for each year.

**Debt**

1. From the prior audit documentation, we observed the following bond was outstanding as of December 31, 2018. This amount agreed to the Township's January 1, 2019 balance on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2018:
Equipment Bonds - Tractor	\$19,067

2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. All debt agreed to the summary we used in procedure 3. However, we did identify one bond issuance related to the purchase of certain Township equipment that was not recorded in the Township's accounting system.
3. We obtained a summary of bond debt activity for 2020 and 2019 and agreed principal and interest payments from the related debt amortization schedule to General Fund and Gasoline Fund payments reported in the Payment Register Detail Report. We noted that the Township paid \$47 more in principal payments and \$40 less in interest payments during 2019. We noted that the Township paid \$486 more in principal payments and \$32 more in interest payments during 2020. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.

**Debt (Continued)**

4. We identified one new debt issuance during 2019, Township Equipment Bonds, Series 2019, totaling \$18,250, which was not recorded in the Township's accounting system. We noted the Township did not properly record the proceeds and related expenditure in a bond fund (i.e. capital projects fund) as required by Ohio Rev. Code § 5705.09(E).
5. For new debt issued during 2019, we inspected the debt legislation, which stated the Township must use the proceeds to acquire a boom mower and related equipment. We inspected the purchase agreement and copy of the certified check issued by the bank and observed the Township purchased a boom mower and related equipment in July of 2019.

**Payroll Cash Disbursements**

1. We selected all payroll checks for all employees, excluding public officials, for 2020 and 2019 from the Wage Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard and legislatively-approved rate).
    - i. We inspected the employees' personnel files for the Retirement system, Federal, State & Local income tax withholding authorization.
    - ii. We agreed these items to the information used to compute gross and net pay related to this check. We found no exceptions.

We found no exceptions.
  - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
  - c. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the employees' personnel files or minute record. We found no exceptions.
  - d. We confirmed 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, 2020 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2020. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes	January 31, 2021	December 28, 2020	\$1,767	\$1,767
State income taxes	January 15, 2021	December 28, 2020	\$441	\$441
OPERS retirement	January 30, 2021	December 28, 2020	\$3,245	\$3,245

3. For the pay periods ended July 31, 2020 and February 28, 2019, we
  - a. Recomputed the allocation of the Boards' salary amounts to the General Fund and Gasoline Tax Fund per the Wage Detail Report.
  - b. Traced the Boards' pay for time or services performed to supporting certifications the Revised Code requires.

We found no exceptions.
4. We compared total gross pay for the Fiscal Officer and each Board Member for 2020 and 2019 to the compensation permitted by Ohio Revised Code §§ 507.09 and 505.24, respectively. We noted during 2019 that the Fiscal Officer was underpaid and each Trustee was underpaid. We also noted the Fiscal Officer was underpaid in 2020.

### Payroll Cash Disbursements (Continued)

5. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2020 and 2019 to determine if Township employees and/or Trustees were reimbursed for out-of-pocket insurance premiums. We noted no such reimbursements.
6. For each employee, we inspected the board meeting minutes to identify the individuals involved in the hiring process. We inquired of the relationships between the hired and hiring individuals to determine if there were any violations of the Ohio Rev. Code §§ 2921.42(a)(1) and 102.03(d) and (e). We noted the board meeting minutes provided did not identify the individuals involved in the hiring process for employees hired during 2019 and 2020, and the Township was unable to provide us with the minutes from the year in which one of the Township's employees was hired to determine if the Township was in violation of Ohio Rev. Code §§ 2921.42(a)(1) and 102.03(d) and (e). However, we were able to review the minutes following the employee's date of hire, and there were no relatives on the Board of Trustees of the employee at that time. The pay rates of the employees were approved in the minutes; however, there was no indication in the minutes whether the Trustee who is related to the one employee abstained from voting on the employee's pay rate.
7. We inspected the time sheet and cancelled check for each payroll payment to determine if there were any violations with the requirements of Ohio Rev. Code § 2921.42(h). We noted two Officials that are related to the Township employee signed the employee's paychecks in 2019 and 2020. However, these were also signed by two Trustees that were not related to the employee. In addition, all of the related pay stubs were initialed by all three Trustees, including the Trustee related to the employee.

### Non-Payroll Cash Disbursements

We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2020 and 10 from the year ended 2019 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 Payment Register Detail Report 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 § 5705.41(D). We found four instances in 2020 and one instance in 2019 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 § 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 inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

### **Compliance – Budgetary**

1. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the year ended December 31, 2020 for the General Fund, Fire District Fund, and Coronavirus Relief Fund, as recorded in the Appropriation Status Report. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the year ended December 31, 2019 for the General Fund, Motor Vehicle License Tax Fund, and Fire District Fund, as recorded in the Appropriation Status Report. There were no funds for which expenditures exceeded appropriations.
2. We inspected all of the interfund transfers from the 2020 Revenue Status Reports and Appropriation Status Reports for compliance with Ohio Rev. Code §§ 5705.14 - .16. We found no evidence of transfers these Sections prohibit, or for which Ohio Rev. Code § 5705.16 would require approval by the Tax Commissioner.
3. We inspected the Cash Summary by Fund Report for the years ended December 31, 2020 and 2019 for negative cash fund balances. Ohio Rev. Code § 5705.10(l) 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. No funds had a negative cash fund balance.

### **Sunshine Law Compliance**

1. We obtained and inspected the Township's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We inquired with Township management and determined:
  - a. The Township did not have any completed public records requests during the engagement period.
  - b. The Township did not have any denied public records requests during the engagement period.
  - c. The Township did not have any public records requests with redactions during the engagement period.
3. We inquired with Township management and determined that the Township did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2).
4. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
5. We inquired with Township management and determined that the Township did not have a policy manual during the engagement period therefore the public records policy could not be included as required by Ohio Rev. Code § 149.43(E)(2).
6. We inquired with Township management to determine whether the Township had a poster describing their Public Records Policy displayed conspicuously in all branches of the Township as required by Ohio Rev. Code § 149.43(E)(2). The Township did not have the required poster displayed.

### **Sunshine Law Compliance (Continued)**

7. We inquired with Township management and determined that the Township did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inquired with Township management and determined whether each elected official in accordance with Ohio Rev. Code § 149.43(E)(1) (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 149.43(B). We found one Trustee whose term ended during 2019 that did not attend the required training.
9. We inspected the public notices for the public meetings held during the engagement period and determined the Township notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
  - a. Prepared – a file is created following the date of the meeting
  - b. Filed – placed with similar documents in an organized manner
  - c. Maintained - retained, at a minimum, for the engagement period
  - d. Open to public inspection – available for public viewing or request.We found no exceptions.
11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
  - a. Executive sessions were only held at regular or special meetings.
  - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
  - c. Formal governing board actions were adopted in open meetings.We found no exceptions.

### **HB 481 / HB 614 Coronavirus Relief Fund (CRF) Compliance**

1. We inquired of management and those charged with governance and documented how the Township decided to spend their CRF allocations and how the Township evaluated and documented their compliance with the CARES Act three-prong test. We then selected five payroll, non-payroll, and subgrant/subloan transactions and determined the Township:
  - a. Spent the CRF money (including additional distributions or redistributions) in accordance with use of funds requirements and
  - b. Maintained appropriate supporting documentation.We found no exceptions.
2. We recalculated the unencumbered balance the local government paid back to the county treasurer and determined the proper amount was repaid. We also compared the date of the repayment to the required date of November 20, 2020 and determined the payment was made in a timely manner. We found no exceptions.

### Other Compliance

1. Ohio Rev. Code § 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the years ended December 31, 2020 and 2019 in the Hinkle system. There were no exceptions.
2. We inquired of the Fiscal Officer and inspected support of trainings attended to determine whether the Fiscal Officer obtained the training required by Ohio Rev. Code § 507.12. The Fiscal Officer obtained none of the required 12 hours of training and did not complete the required ethics training element.
3. For all credit card accounts we obtained:
  - copies of existing internal control policies,
  - a list of authorized users, and
  - a list of all credit card account transactions.
  - a. We inspected the established policy obtained above and determined it is:
    - i. in compliance with the HB 312 statutory requirements, and
    - ii. implemented by the entity.We found no exceptions.
  - b. We selected 1 credit card transaction from each credit card account for testing. For selected transactions we inspected documentation to determine that:
    - i. Use was by an authorized user within the guidelines established in the policy, and
    - ii. Each transaction was supported with original invoices and for a proper public purpose.We found no exceptions.
  - c. We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
    - i. No unpaid beginning balance was carried forward to the current billing cycle,
    - ii. Ending statement balance was paid in full, and
    - iii. Statement contained no interest or late fees.For one statement tested, we noted that it contained interest and late fees totaling \$43. Interest and late fees do not serve a proper public purpose.

### Related Party Transactions

1. We inquired with management and identified the following Related Party Transactions:
  - a. Robert Babcock, road employee of the Township, is a brother to a Trustee and husband to the Fiscal Officer and was paid for work performed for the Township in 2019 and 2020. See procedures 6 and 7 in the Payroll Cash Disbursements section.
2. We confirmed the transactions with supporting time sheets and canceled checks. See procedures 6 and 7 in the Payroll Cash Disbursements section.

We were engaged by the Township to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, 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.

We are required to be independent of the Township and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 4, 2021

# OHIO AUDITOR OF STATE KEITH FABER



**MONROE TOWNSHIP**

**MUSKINGUM 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 11/23/2021**

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)