



Dave Yost • Auditor of State

**MONROE TOWNSHIP
HARRISON COUNTY**

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Dave Yost • Auditor of State

Monroe Township
Harrison County
P.O. Box 249
Bowerston, Ohio 44695-0249

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 28, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Monroe Township
Harrison County
P.O. Box 249
Bowerston, Ohio 44695-0249

To the Board of Trustees:

We have audited the accompanying financial statements of Monroe Township, Harrison County, (the Township) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Ohio Revised Code Section 505.24(C) and Ohio Attorney General Opinion 2004-056 require trustees to document the proportionate amount chargeable to other township funds based on the kinds of services rendered. Without this documentation, the Township must charge salaries to the General Fund. During 2009 and 2008, the Township charged some Trustee's salaries, related taxes and retirement (OPERS) to the Gasoline Tax and Road and Bridge funds without the required supportive documentation.

Findings for adjustments made in the prior audit period for noncompliance with Ohio Revised Code Section 505.24(C) were not recorded in the financial statements or to the accounting systems. The adjustments referred to above for the prior audit period would increase the General Fund balance at January 1, 2010 by \$28,587 and would decrease the Gasoline Tax Fund balance and the Road and Bridge Fund balances at January 1, 2010 by \$9,802 and \$18,785, respectively.

Also, in our opinion, because of the effects of the matter referred to in the preceding paragraph, the financial statements referred to above do not present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of Monroe Township, Harrison County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 Monroe Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

June 28, 2012

**MONROE TOWNSHIP
HARRISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$17,205	\$79,674		\$96,879
Intergovernmental	11,263	109,791		121,054
Earnings on Investments	121	90	\$112	323
Miscellaneous	2,175	6,655		8,830
<i>Total Cash Receipts</i>	<u>30,764</u>	<u>196,210</u>	<u>112</u>	<u>227,086</u>
Cash Disbursements				
Current:				
General Government	30,873	14,118		44,991
Public Safety		33,716		33,716
Public Works	135	139,288		139,423
Health	24	4,009	1,035	5,068
Capital Outlay		907		907
Debt Service:				
Principal Retirement		42,962		42,962
Interest and Fiscal Charges		2,187		2,187
<i>Total Cash Disbursements</i>	<u>31,032</u>	<u>237,187</u>	<u>1,035</u>	<u>269,254</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(268)</u>	<u>(40,977)</u>	<u>(923)</u>	<u>(42,168)</u>
<i>Net Change in Fund Cash Balances</i>	(268)	(40,977)	(923)	(42,168)
<i>Fund Cash Balances, January 1</i>	<u>10,475</u>	<u>158,430</u>	<u>8,265</u>	<u>177,170</u>
Fund Cash Balances, December 31				
Nonspendable			6,900	6,900
Restricted		117,453	442	117,895
Unassigned (Deficit)	10,207			10,207
<i>Fund Cash Balances, December 31</i>	<u>\$10,207</u>	<u>\$117,453</u>	<u>\$7,342</u>	<u>\$135,002</u>

The notes to the financial statements are an integral part of this statement.

**MONROE TOWNSHIP
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$15,999	\$85,397		\$101,396
Intergovernmental	13,000	108,625		121,625
Earnings on Investments	184	92		276
Miscellaneous		5,956		5,956
	<u>29,183</u>	<u>200,070</u>		<u>229,253</u>
Cash Disbursements:				
Current:				
General Government	26,355	12,671		39,026
Public Safety		34,879		34,879
Public Works		118,830		118,830
Health		5,604	\$5	5,609
Capital Outlay		27,307		27,307
Debt Service:				
Redemption of Principal		14,418		14,418
Interest and Other Fiscal Charges		2,444		2,444
	<u>26,355</u>	<u>216,153</u>	<u>5</u>	<u>242,513</u>
Total Cash Disbursements				
	<u>26,355</u>	<u>216,153</u>	<u>5</u>	<u>242,513</u>
Total Receipts Over/(Under) Disbursements	<u>2,828</u>	<u>(16,083)</u>	<u>(5)</u>	<u>(13,260)</u>
Other Financing Receipts / (Disbursements):				
Other Debt Proceeds		24,000		24,000
		<u>24,000</u>		<u>24,000</u>
Total Other Financing Receipts / (Disbursements)		<u>24,000</u>		<u>24,000</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	2,828	7,917	(5)	10,740
Fund Cash Balances, January 1	<u>7,647</u>	<u>150,513</u>	<u>8,270</u>	<u>166,430</u>
Fund Cash Balances, December 31	<u>\$10,475</u>	<u>\$158,430</u>	<u>\$8,265</u>	<u>\$177,170</u>

The notes to the financial statements are an integral part of this statement.

**MONROE TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Monroe Township, Harrison County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and general government services. The Township contracts with the Bowerston Volunteer Fire Department to provide fire services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values certificates of deposits at cost.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**MONROE TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

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

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant permanent fund:

Cemetery Bequest Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (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. The County Budget Commission must also approve the annual appropriation measure. 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 also 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 canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

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. The classifications are as follows:

**MONROE TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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.

3. Committed

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 *restricted* 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 Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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.

**MONROE TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. Equity in Pooled Deposits and Investments

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

	2011	2010
Demand deposits	\$127,755	\$169,000
Certificates of deposit	7,247	8,170
Total deposits	\$135,002	\$177,170

Deposits: Deposits are insured by the Federal Depository Insurance Corporation;

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$25,764	\$30,764	\$5,000
Special Revenue	169,217	196,210	26,993
Permanent	0	112	112
Total	\$194,981	\$227,086	\$32,105

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$45,998	\$31,032	\$14,966
Special Revenue	317,888	237,187	80,701
Permanent	8,266	1,035	7,231
Total	\$372,152	\$269,254	\$102,898

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$21,098	\$29,182	\$8,084
Special Revenue	149,174	224,070	74,896
Total	\$170,272	\$253,252	\$82,980

**MONROE TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$35,266	\$26,355	\$8,911
Special Revenue	293,121	216,153	76,968
Permanent	7,810	5	7,805
Total	\$336,197	\$242,513	\$93,684

Contrary to Ohio Revised Code Section 5705.41(D) the Township did not properly encumber all commitments.

4. Property Tax

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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Debt

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
General Obligation Note	\$17,614	5%

The Township issued a general obligation note to finance renovations of the Township building. The Township's taxing authority collateralized the note.

Amortization of the above debt, including interest, is scheduled as follows:

**MONROE TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. Debt (Continued)

Year ending December 31:	<u>Building Loan</u>
2012	\$4,914
2013	5,361
2014	5,361
2015	3,462
Total	<u><u>\$19,098</u></u>

6. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

7. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



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

Monroe Township
Harrison County
P.O. Box 249
Bowerston, Ohio 44695-0249

To the Board of Trustees:

We have audited the financial statements of Monroe Township, Harrison County, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 28, 2012 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. In addition, we noted the Township implemented *Government Accounting Standards* Board Statement 54 "Fund Balance and Governmental Type Definitions" in 2011. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We also rendered an adverse opinion on these financial statements because the Township charged Trustees' salaries, related taxes, and OPERS to the Gasoline Tax and Road and Bridge funds without the documentation required by the Ohio Revised Code Section 505.24(C) and Ohio Attorney General Opinion 2004-056 during 2008 and 2009. The findings for adjustment made in the prior audit were not recorded in the financial statements or to the accounting system. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-02 described in the accompanying schedule of findings to be a material weakness.

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, providing an opinion 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-01.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 28, 2012.

We intend this report solely for the information and use of management, Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

June 28, 2012

**MONROE TOWNSHIP
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number 2011-01

Noncompliance Citation

Ohio Revised Code Section 5705.41(D) provides in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such certification shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D) (1) and 5705.41 (D) (3), respectively of the Ohio Revised Code.

1. **Then and Now Certificate** - If no certificate is furnished as required, upon receipt of the fiscal officers certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid. If the amount involved is less than \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without the affirmation of the Board of Trustees is such expenditure is otherwise valid
2. **Blanket Certificate** - Fiscal officer may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificate may, but need not be, limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** - The Township may also make expenditures and contracts for any amount from a specific line item appropriation in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket may be outstanding at a particular time for any line item appropriation.

The Fiscal Officer did not certify or record the amount against the applicable appropriation accounts for 23% and 13% of tested expenditures in 2010 and 2011, respectively. The Township did not properly utilize the certification exceptions described above for those expenditures lacking prior certification.

Failure to certify the availability of funds and encumber appropriations for the full amount of the expenditure could result in overspending and negative cash balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Fiscal Officer should certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

The Township should certify the full purchase amount to which Ohio Revised Code Section 5705.41(D) applies. The most convenient certification is to use purchase orders that use the certification language which Ohio Revised Code Section 5705.41(D) requires for the authorization of disbursements. The Fiscal Officer should sign the certification prior to incurring a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Finding Number 2011-02

Material Weakness

The Fiscal Officer did not correctly code and classify the following receipts and expenditures in 2010 and 2001 which resulted in adjustments and reclassifications to the financial statements. The Fiscal Officer has agreed to the adjustments and reclassification and the corrected amounts are reflected in the accompanying financial statements. The adjustments have been posted to the accounting records.

Fund Name	Account Type	Amount	Description
2011			
Reclassifications:			
General	Intergovernmental	\$2,239	To reclassify homestead/rollback recorded as taxes
General	Miscellaneous	\$2,175	To reclassify an IRS reimbursement recorded as intergovernmental revenue
Road & Bridge	Intergovernmental	\$5,349	To reclassify homestead/rollback recorded as taxes
Fire Fund	Intergovernmental	\$3,366	To reclassify homestead/rollback recorded as taxes
Cemetery Fund	Intergovernmental	\$1,132	To reclassify homestead/rollback recorded as taxes
Gasoline Tax	Fund balance – restricted	\$46,393	To reclassify the Gasoline Tax ending fund balance reported as committed
Cemetery Endowment	Fund balance – restricted	\$1,366	To reclassify the interest portion of the fund balance that was reported as non spendable

Monroe Township
Harrison County
Schedule of Findings
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Adjustments:			
General	Intergovernmental	(\$1,850)	To adjust for senate bill 3 revenue posted to the General Fund rather than to other Special Revenue Funds
Road & Bridge Fire Cemetery	Intergovernmental	\$983 \$722 \$145	To adjust for senate bill 3 revenue that had been posted to the General Fund rather than these other funds.
General	General government expenditures Capital outlay	(\$3,000) (\$1,550)	To adjust for debt payment posted incorrectly
Road & Bridge	Public works expenditures Capital outlay	(\$5,464) (\$1,000)	To adjust for debt payment posted incorrectly
Gasoline Tax	Public works expenditures Principal payment Interest payment	(\$13,500) \$25,140 (\$626)	To adjust for debt payment posted incorrectly
Cemetery Bequest	Health expenditures Interest revenue	\$1,035 \$112	To record expenditures and revenue to the Cemetery Bequest Fund that had not been posted to the ledgers

2010			
Fund Name	Account Type	Amount	Description
Reclassifications:			
General	Intergovernmental	\$2,237	To reclassify homestead/rollback recorded as taxes
Road & Bridge	Intergovernmental	\$5,352	To reclassify homestead/rollback recorded as taxes
Adjustments:			
General	Intergovernmental	(\$3,699)	To adjust for senate bill 3 revenue posted to the General Fund rather than to other Special Revenue Funds
Road & Bridge Fire Cemetery	Intergovernmental	\$1,966 \$1,444 \$289	To adjust for senate bill 3 revenue that had been posted to the General Fund rather than to these other funds
General	Intergovernmental	(\$2,059)	To adjust for motor vehicle license funds posted to the general fund
Motor Vehicle License	Intergovernmental	\$2,059	To adjust for motor vehicle license funds posted to the general fund
Gasoline Tax	Debt proceeds Capital outlay	\$24,000	To record debt proceeds and corresponding expenditures which were not posted to the ledgers

The Fiscal Officer should maintain the accounting system to enable the Township to identify, assemble, analyze, classify, record and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Township is accurately recorded and reported. In addition, the Township should adopt procedures for the review of posting transactions and subsequent posting to the financial statements. The Fiscal Officer should prepare monthly bank to book reconciliation, which includes all depository balances and funds of the Township.

Officials' Response

We did not receive a response from officials to the findings reported above.

**MONROE TOWNSHIP
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Finding for Adjustment – Ohio Revised Code Section 505.24, no documentation to support trustee salaries paid from funds other than General	No	Adverse opinion
2009-002	Ohio Revised Code Section 5705.41 (D), failure to properly certify expenditures	No	Reissued as Finding 2011-01
2009-003	Ohio Revised Code 5705.36(A), appropriations exceeded estimated resources	Yes	
2009-004	Ohio Revised Code 5705.41(B), expenditures exceeded appropriations	Yes	
2009-005	Material Weakness-failure to correctly post receipts and disbursements	No	Reissued as Finding 2011-02

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Dave Yost • Auditor of State

MONROE TOWNSHIP

HARRISON 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
NOVEMBER 8, 2012**