



Dave Yost • Auditor of State

**MONROE TOWNSHIP
COSHOCKTON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Monroe Township
Coshocton County
29120 CR 49
Warsaw, Ohio 43844

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, Coshocton 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 § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), 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 § 117.38 and Ohio Administrative Code § 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, Coshocton 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 § 117.38 and Ohio Administrative Code § 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 October 26, 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.



Dave Yost
Auditor of State
Columbus, Ohio

October 26, 2016

**MONROE TOWNSHIP
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$32,017	\$2,031	\$0	\$34,048
Intergovernmental	20,322	99,835	0	120,157
Earnings on Investments	130	45	0	175
Miscellaneous	925	0	0	925
<i>Total Cash Receipts</i>	<u>53,394</u>	<u>101,911</u>	<u>0</u>	<u>155,305</u>
Cash Disbursements				
Current:				
General Government	21,649	61,532	0	83,181
Public Works	5,904	41,046	0	46,950
Health	6,452	0	0	6,452
Debt Service:				
Principal Retirement	0	0	5,002	5,002
Interest and Fiscal Charges	0	0	403	403
<i>Total Cash Disbursements</i>	<u>34,005</u>	<u>102,578</u>	<u>5,405</u>	<u>141,988</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>19,389</u>	<u>(667)</u>	<u>(5,405)</u>	<u>13,317</u>
Other Financing Receipts (Disbursements)				
Transfers In	0	0	5,405	5,405
Transfers Out	(1,400)	(4,005)	0	(5,405)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,400)</u>	<u>(4,005)</u>	<u>5,405</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	17,989	(4,672)	0	13,317
<i>Fund Cash Balances, January 1</i>	<u>92,309</u>	<u>35,088</u>	<u>0</u>	<u>127,397</u>
Fund Cash Balances, December 31				
Restricted	0	30,416	0	30,416
Assigned	91,334	0	0	91,334
Unassigned	18,964	0	0	18,964
<i>Fund Cash Balances, December 31</i>	<u>\$110,298</u>	<u>\$30,416</u>	<u>\$0</u>	<u>\$140,714</u>

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

**MONROE TOWNSHIP
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$32,220	\$1,749	\$33,969
Intergovernmental	10,442	93,874	104,316
Earnings on Investments	136	62	198
Miscellaneous	1,034	0	1,034
	<u>43,832</u>	<u>95,685</u>	<u>139,517</u>
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
General Government	24,141	64,621	88,762
Public Works	3,942	43,770	47,712
Health	6,494	0	6,494
Capital Outlay	0	15,000	15,000
Debt Service:			
Principal	3,500	6,000	9,500
Interest	0	128	128
	<u>38,077</u>	<u>129,519</u>	<u>167,596</u>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>5,755</u>	<u>(33,834)</u>	<u>(28,079)</u>
Other Financing Receipts			
Sale of Bonds	0	15,000	15,000
	<u>0</u>	<u>15,000</u>	<u>15,000</u>
<i>Total Other Financing Receipts</i>			
<i>Net Change in Fund Cash Balances</i>	5,755	(18,834)	(13,079)
<i>Fund Cash Balances, January 1</i>	<u>86,554</u>	<u>53,922</u>	<u>140,476</u>
Fund Cash Balances, December 31			
Restricted	0	35,088	35,088
Assigned	92,309	0	92,309
	<u>92,309</u>	<u>35,088</u>	<u>127,397</u>
<i>Fund Cash Balances, December 31</i>			

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

**MONROE TOWNSHIP
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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, Coshocoton 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 emergency medical services.

The Township participates in a public entity risk pool and jointly governed organization. Notes 7 and 8 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pool:

Ohio Township Risk Management Authority (OTARMA)

The Township belongs to OTARMA, a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members.

Jointly Governed Organization:

Walhonding Valley Fire District

The District is a body corporate and politic formed by the Village and several other political subdivisions under Ohio Revised Code 505.371 to provide fire protection 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 permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Fund Accounting

The Township uses fund accounting to segregate cash that is 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.

**MONROE TOWNSHIP
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

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.

Motor Vehicle and License Tax Fund – This fund receives motor vehicle and license tax money to pay for constructing, maintaining, and repairing Township roads.

3. Debt Service Fund

This fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Bond Retirement Fund – This fund accounts for and reports resources for the retirement of bonds issued to finance equipment.

D. 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. 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 canceled, and reappropriated in the subsequent year.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

**MONROE TOWNSHIP
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance

Fund balance is divided into 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:

1. 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.

2. 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.

3. 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.

F. 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
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2. EQUITY IN POOLED DEPOSITS

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

	2015	2014
Demand deposits	\$140,714	\$127,397

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. BUDGETARY ACTIVITY

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

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,327	\$53,394	\$12,067
Special Revenue	100,619	101,911	1,292
Debt Service	0	5,405	5,405
Total	\$141,946	\$160,710	\$18,764

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$131,636	\$35,405	\$96,231
Special Revenue	129,108	106,583	22,525
Debt Service	8,600	5,405	3,195
Total	\$269,344	\$147,393	\$121,951

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,768	\$43,832	\$3,064
Special Revenue	108,037	110,685	2,648
Total	\$148,805	\$154,517	\$5,712

**MONROE TOWNSHIP
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$121,092	\$38,077	\$83,015
Special Revenue	158,189	129,519	28,670
Total	\$279,281	\$167,596	\$111,685

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.

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, 2015 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$9,998	2.65%
Total	\$9,998	

The Township issued general obligation bonds in 2014 for \$15,000 with an interest rate of 2.65% to finance the purchase of a new road grader for Township road maintenance. The Township's taxing authority collateralized the bonds.

The Township was in violation of a bond covenant requirement to establish a Bond Retirement Fund.

6. RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. 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% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**MONROE TOWNSHIP
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

7. 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.

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 or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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 (the latest information available):

	<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 \$6,000.

**MONROE TOWNSHIP
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

7. RISK MANAGEMENT (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.

Contributions to OTARMA	
<u>2015</u>	<u>2014</u>
\$12,077	\$11,498

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.

8. JOINTLY GOVERNED ORGANIZATION

Walhonding Valley Fire District (the District)

The District provides fire protection services for the Township. The District is directed by an appointed eleven-member Board of Trustees. One board member is appointed by each political subdivision within the District with one member at large appointed from one of the political subdivisions. Those subdivisions are the Bedford Township, Bethlehem Township, Clark Township, Jefferson Township, Monroe Township, Newcastle Township, Perry Township, Tiverton Township, Village of Nellie and Village of Warsaw. The District provides fire protection services to citizens within those areas.

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

Monroe Township
Coshocton County
29120 CR 49
Warsaw, Ohio 43844

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, Coshocton County, Ohio (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 October 26, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2015-001 and 2015-002 to be material weaknesses.

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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2015-002.

Township's Response to Findings

The Township's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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.



Dave Yost
Auditor of State
Columbus, Ohio

October 26, 2016

**MONROE TOWNSHIP
COSHOCOTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Material Weakness

The Township should maintain an accounting system and accounting records sufficient to enable the Township to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Errors in the Township's financial statements required audit adjustments and reclassifications as follows:

- The Township issued bonded debt for equipment during 2014 in the amount of \$15,000 but did not report this amount as Debt Proceeds nor the corresponding expenditure for Capital Outlay in the Special Revenue Gasoline Tax Fund for 2014; and
- Governmental Accounting Standards Board (GASB) Statement No. 54 defined how fund balances were to be classified and was codified as follows: GASB Cod. 1800.176 requires reporting subsequent year appropriations in excess of expected revenues as Assigned.
 - The General Fund balance of \$92,309 was incorrectly classified as Unassigned instead of Assigned in 2014.
 - The entire General Fund balance of \$110,298 in 2015 was incorrectly classified as Unassigned when \$91,334 should have been reported as Assigned.

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statement is complete and accurate. These adjustments were agreed to by management, and the financial statements have been adjusted accordingly.

To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the financial statements and notes by the Fiscal Officer and Board of Trustees to help identify and correct errors and omissions.

Officials' Response: Will review what the difference is between unassigned instead of assigned when doing appropriations. Will get with another Fiscal Officer for help on this.

FINDING NUMBER 2015-002

Noncompliance and Material Weakness

In the Transcript of Proceedings and Related Documents for the Township's bonds, the Certificate under §§ 103(b)(2) and 148 of the Internal Revenue Code of 1986, as Amended, Section F, Investment of Proceeds, Section (2), payment made by the Issuer into the Bond Retirement for the Bonds will be used to pay principal of, premium, if any, or interest on the Bonds within a thirteen (13) month period, beginning on the date of deposit. Any amount received from investment of such moneys, which will constitute Investment Proceeds, will be spent within a one-year period beginning on the date of receipt. The Bond Retirement fund will be depleted at least once a year, except for a reasonable carryover amount (not to exceed the greater of (a) one year's earnings on the Board Retirement Fund or (b) one-twelfth of annual debt service). The Bond Retirement Fund will be used primarily to achieve a proper matching of payments and debt service requirements of the Bonds within each year. Section (3) states that except for

**MONROE TOWNSHIP
COSHOCKTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-002 (Continued)

Noncompliance and Material Weakness (Continued)

the Bond Retirement Fund, no other account or fund has been or will be established to pay principal of, premium, if any, or interest on the Bonds. There are no moneys, sources of funds, securities or obligations that have been or will be, pledged as collateral for the payment of principal of, premium, if any, or interest on the Bonds, and there are no moneys, sources of funds, securities or obligations with respect to which the Issuer has given or will give any reasonable assurance to any holder of the Bonds that such funds will be available to pay principal of, premium, if any, or interest on the Bonds.

In addition, Resolution 14-08, Authorizing the Issuance and Sale of \$15,000 Township Equipment Bonds and Matters related thereto, Section 7 states that for the payment of such bonds and the interest thereon, the full faith, credit and revenue of the Township are hereby irrevocably pledged, and for the purpose of providing the necessary funds to pay the interest on the bonds promptly when and as the same falls due, and also to provide a fund sufficient to discharge the bonds at maturity, there shall be and is hereby levied on all taxable property in the Township within applicable limitations, in addition to all other taxes, a direct tax annually during the period the bonds are to run in an amount sufficient to provide funds to pay interest upon the bonds as and when the same falls due and also to provide a fund for the discharge of the principal of the bonds at maturity, which tax shall not be less than the interest and sinking fund tax required by Article XII, Section 11 of the Constitution of Ohio.

Ohio Rev. Code § 5705.14(F) states that moneys retained or received by a county under § 4501.04 or division (A)(3) of § 5735.27 of the Revised Code may be transferred from the fund into which they were deposited to the sinking fund or bond retirement fund from which any principal, interest, or charges for which such moneys may be used is payable.

In December 2014, the Township issued Township Equipment Bonds of \$15,000 for the purchase of a road grader. The first payment was made in 2015 and was paid from the General Fund and the Special Revenue Gasoline Tax Fund; however, this was in violation of the debt documents which required the establishment of a Bond Retirement Fund to account for the principal and interest payment on the bonds. An adjustment was agreed to by management and was posted to the Township's financial statements for the 2015 debt service activity totaling \$5,405. This activity was reduced in the General Fund and Special Revenue Gasoline Tax and was recorded in a Bond Retirement Fund.

Sound financial reporting is the responsibility of the Township and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Township should account for debt service principal and interest payments in the Bond Retirement Fund. The Township should also make the necessary transfers from the related funds to the Bond Retirement Fund to make the required payments.

Officials' Response: This was the first time of doing a bond for the purchase of equipment. Will get with UAN on how to establish a bond retirement fund for payment on the bond and make necessary transfers into that account.

**MONROE TOWNSHIP
COSHOCTON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Status	Additional Information
2013-001	Financial Reporting – material reclasses and adjustments	Not Corrected	See Finding 2015-001.
2013-002	Ohio Rev. Code Chapter 133 – methods for subdivisions to incur debt	Corrected	Related debt was paid off in February 2014.
2013-003	Ohio Rev. Code §5705.10(D) – Village reported Gas Tax Funds in the General Fund.	Corrected	

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Dave Yost • Auditor of State

MONROE TOWNSHIP

COSHOCTON 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 10, 2016**