



Dave Yost • Auditor of State



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Perry Township
Montgomery County
3025 Johnsville-Brookville Road
Brookville, Ohio 45309

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Perry Township (the Township) agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2014 and 2013, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash

1. We tested the mathematical accuracy of the December 31, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 balances in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2013 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2014 and 2013 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2014 bank account balances with the Township's financial institution. The Village recorded a certificate of deposit at \$31,008.71 for December 31, 2014. The balance per the financial institution is \$31,022.63 for December 31, 2014; a difference of \$13.92.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2014 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. Check #30073 was posted to the UAN accounting system as Check #30072. Check #30074 was posted to the UAN accounting system as Check #30073. Check #30095 was posted to the UAN accounting system as Check #30094. Check #30094 was posted to the UAN accounting system at Check #30095.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2014 and one from 2013:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. We also traced the advances noted on the Statement to the Receipt Register Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. Real estate settlement election fees of \$4,031 were incorrectly posted to the Fire Fund rather than the General Fund. The Township posted the correction to the accounting ledger.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.

2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts plus 17 advances for 2014 and 2013. We noted the Receipts Register Report included the proper number of tax receipts for each year.

3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2014 and five from 2013. We also selected five receipts from the County Auditor's DTLs from 2014 and five from 2013.
 - a. We compared the amount from the above report to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

4. We confirmed the amounts paid from the Ohio Public Works Commission to the Township during 2014 and 2013 with the Commission. The Township did not record the on-behalf grant amount of \$156,380 paid in 2013.
 - a. We determined whether the receipts from 2014 were allocated to the proper fund. We found no exceptions.
 - b. We determined whether the receipts from 2014 were recorded in the proper year. We found no exceptions.

Over-The-Counter Cash Receipts

We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2014 and 10 over-the-counter cash receipts from the year ended 2013 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Receipt Register Report. The amounts agreed.
- b. Amount charged complied with rates in force during the period. We found no exceptions.
- c. Receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following lease outstanding as of December 31, 2012. These amounts agreed to the Township's January 1, 2013 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2012:
Ford Lease – Police Cruiser	\$13,976.92

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of lease debt activity for 2014 and 2013 and agreed principal and interest payments from the related debt amortization schedule to Law Enforcement Trust fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2014 and one payroll check for five employees from 2013 from the Employee Detail Adjustment Report. We also selected all payroll checks for the Chief of Police and Mike Kraft, Road Department Head for 2013 and 2014 and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions except as follows:
 - i. 2% (1 of 52) of Road Department Head Mike Kraft's timesheets were inaccurately entered into the accounting system. Subsequently he was overpaid for a total of 4.5 overtime hours or \$151. Failure to ensure hours worked entered into the accounting system are accurate based on the number of hours worked documented on employee's timesheets could lead to future under or overpayments. The Township fiscal officer should take due diligence in reviewing that employee's hours worked per approved timesheets are properly input into the accounting system.
 - ii. 100% of Police Chief Bowman's timesheets were neither signed by him nor the appropriate supervisor. 100% of Road Department Head Mike Kraft's timesheets were not signed by the appropriate supervisor, but were signed by him. 53% (17 of 32) of Police Chief Bowman's timesheets were not complete. Timesheets did not include the individual days worked, a time in, a time out or the total hours worked. These timesheets indicated a total of 20 hours worked for the bi-weekly pay period. A lack of proper review and documentation included on employee timesheets could lead to future under or overpayments in payroll expenditures. All Township employees and their appropriate supervisors should sign and review timesheets to ensure the accuracy of hours worked. Payments should not be disbursed to the employee unless timesheets have been appropriately reviewed and approved.
 - iii. The Township has a comp time policy in place outlining its accrual, as approved by department heads and the Board of Trustees, in lieu of overtime pay at a rate of one and half times the employees regular pay. The policy further states that comp time accrued in one quarter of the year must be used by and paid out to the employee in the following quarter of the year. Road Department Head Mike Kraft accrued 215 comp time hours during 2013 that were not used or paid out during 2013 or 2014 as required. As a result, all 215 hours were outstanding as of 2014 year end. Failure to follow the Township comp time policy could lead to employees being underpaid for work performed. The Township should perform its due diligence in following the approved payroll related policies to ensure that employees are properly compensated for work performed, including the accrual, usage and pay of any comp time in a timely and accurate manner.
 - b. We determined whether the funds and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files and minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.

Payroll Cash Disbursements (Continued)

2. For any new employees selected in step 1 we determined whether the following information in the ORC and Minutes was consistent with the information used to compute gross and net pay related to this check
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department(s) and fund(s) to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State & Local income tax withholding authorization and withholding Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2014 to determine whether 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 2014. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2015	December 29, 2014	\$2,392.83	\$2,392.83
State income taxes	January 15, 2015	December 28, 2014	396.33	396.33
Local income tax – City of Huber Heights	January 31, 2015	December 28, 2014	80.32	80.32
Local income tax- City of Trotwood	January 31, 2015	December 28, 2014	4.73	4.73
Local income tax-City of Kettering	January 31, 2015	December 28, 2014	15.92	15.92
OPERS retirement	January 30, 2015	December 28, 2014	12,407.60	12,407.60
School Income Tax	January 15, 2015	December 28, 2014	68.76	68.76

4. For the pay periods ended March 31, 2014 and February 28, 2013, we recomputed the allocation of the Board's salaries to the General, Road and Bridge, and Police funds per the Employee Detail Adjustment Report. We found no exceptions.
5. For the pay periods described in the preceding step, we traced the Fiscal Officer and Trustees salary for time or services performed to supporting certifications the Revised Code requires. We noted the following exception. Ohio Rev. Code § 505.24(C) states, in part, that a board of township trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments. The amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. Each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed.

Trustees were paid from the General Fund, Road and Bridge Fund and Police Fund. However, the Trustees did not complete the required certifications to support being paid from funds other than the General Fund. Due to the lack of certification, an adjustment must be made to pay the salaries of the Trustees from the General Fund. In accordance with the foregoing facts, we hereby issue a finding for adjustment to decrease the General Fund \$45,272 and increase the Road and Bridge Fund and Police Fund \$22,636 each. The Township made the adjustments to their accounting records and the accompanying financial statements to reflect the above amounts.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2014 and ten from the year ended 2013 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 one exception where check #29322 was posted to the UAN accounting system as check #29319. However, because we did not test all non-payroll disbursements, our report provides no assurances regarding whether or not similar errors occurred.
 - 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 Section 5705.41(D). We found no exceptions.
2. We selected all gas purchases made by the Chief of Police during 2013 and 2014 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The Trustees approved the gas purchase. We found no exceptions.
 - c. Fuel purchases were made in accordance with Township policies. We noted that the Township did not have a formal written policy governing the use of the credit card. Failure to implement formal written internal control policies and procedures could result in the inappropriate expenditure of Township funds. Perry Township should approve a formal internal control policy regarding use of the credit card.

Compliance – Budgetary

1. We compared the total estimated receipts from the Amended Official Certificate of Estimated Resources required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Gasoline Tax and Road and Bridge funds for the years ended December 31, 2014 and 2013. The amounts on the Certificate agreed to the amount recorded in the accounting system for the Gasoline Tax Fund in 2014. The Revenue Status Report recorded budget (i.e. certified) resources for the General Fund of \$88,600 for 2013. However, the final Amended Official Certificate of Estimated Resources reflected \$144,609. The Revenue Status Report recorded budget (i.e. certified) resources for the Gasoline Tax Fund of \$85,060 for 2013. However, the final Amended Official Certificate of Estimated Resources reflected \$85,457. The Revenue Status Report recorded budget (i.e. certified) resources for the Road and Bridge Fund of \$105,200 for 2013. However, the final Amended Official Certificate of Estimated Resources reflected \$99,149. The Revenue Status Report recorded budget (i.e. certified) resources for the General Fund of \$63,900 for 2014. However, the final Amended Official Certificate of Estimated Resources reflected \$44,239. The Revenue Status Report recorded budget (i.e. certified) resources for the Road and Bridge Fund of \$141,850 for 2014. However, the final Amended Official Certificate of Estimated Resources reflected \$142,985. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the Amended Official Certificate of Estimated Resources to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
2. We scanned the appropriation measures adopted for 2014 and 2013 to determine whether, for the General, Gasoline Tax and Road and Bridge funds, the Trustees appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.

Compliance – Budgetary (Continued)

3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2014 and 2013 for the following funds: General, Gasoline Tax, and Road and Bridge. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Gasoline Tax, and Road and Bridge funds for the years ended December 31, 2014 and 2013. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2014 and 2013 for the General, Gasoline Tax and Road and Bridge funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2014 and 2013. We also inquired of management regarding whether the Township received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. We scanned the 2014 and 2013 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Township did not establish these reserves.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2014 and 2013 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2014 and 2013 to determine if the township proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct township roads (cost of project \$5,000-\$15,000/per mile) for which Ohio Rev. Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

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

This report is intended solely for the information and use of management, those charged with governance, and others within the Township, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

September 29, 2015

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Dave Yost • Auditor of State

PERRY TOWNSHIP

MONTGOMERY 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 5, 2015**