



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Perry Township
Fayette County
8572 Miami Trace Road SW
Washington Court House, Ohio 43160

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Perry Township (the Township), on the receipts, disbursements and balances recorded in the Townships cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Township. The Township is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township. The sufficiency of the procedures is solely the responsibility of the parties specified in this report.

Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash

1. We recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2016 balances in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2017 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, 2018 and 2017 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2018 bank account balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2018 bank reconciliation:
 - a. We traced each debit to the subsequent January. We found no exceptions.

- b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected all property tax receipts from *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2018 and 2017:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Detail Report. We found two exceptions on the first half 2018 property tax receipt and manufactured home receipt. The Township recorded the first half 2018 real estate tax and manufactured home receipt net of deductions rather than at their gross distribution amounts as required.
 - b. We inspected the Receipt Detail Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found two exceptions in 2018. The real estate receipts were posted entirely to the General Fund and should have been allocated between the General, Road and Bridge Fund and Fire Fund. We found \$35,695 was recorded in the General Fund of which \$16,619 should have been recorded in the Road & Bridge fund and \$19,076 should have been recorded in the Fire Fund. We also noted Manufactured Home Receipts were posted entirely to the Road and Bridge Fund of which \$18 should have been reported in the General Fund and \$22 should have been reported in the Fire Fund. We brought this to management's attention. The Township corrected the General, Road & Bridge, and Fire fund for these posting errors.
 - c. We inspected the Receipt Register Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Detail Report to determine whether it included two real estate tax receipts for 2018 and 2017. The Receipt Detail Report included the proper number of tax receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2018 and all from 2017. We also selected all receipts from the County Auditor's Expenditure Report from 2018 and all from 2017.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We inspected the Receipt Register Report to determine that these receipts were allocated to the proper fund(s). The Township received tax and intergovernmental governmental money from the State Distribution List and County Expenditure report and we noted sixteen exceptions where the receipts were not recorded in the proper funds or functions. We identified the following posting errors as a result. The Township has corrected the accounting records were appropriate, to address these posting errors.

2018					
<i>Transaction as Posted (incorrect)</i>			<i>Correct Transaction Posting</i>		
Fund	Account	Amount	Fund	Account	Amount
General Fund	Intergovernmental	\$8,506	Road and Bridge Fund Fire Fund	Intergovernmental	\$4,001 \$4,505
The Township posted receipts from State Distribution Transaction list all in the General Fund when the tax apportionment sheet from the county stated the revenue needed allocated between the General, Road and Bridge, and Fire Funds.					
Motor Vehicle License Fund	Taxes	\$1,002	Permissive Motor Vehicle License Fund	Intergovernmental	\$1,002
Receipts were recorded as Motor Vehicle License Fund taxes and should have been recorded as Permissive Motor Vehicle License Fund Intergovernmental.					
General Fund	Taxes	\$8	General Fund	Intergovernmental	\$8
Road and Bridge Fund	Taxes	\$8	Road and Bridge Fund	Intergovernmental	\$8
Fire and EMS Fund	Taxes	\$13	Fire Fund	Intergovernmental	\$13
The second half Homestead and Rollback for Manufactured home was recorded as taxes and should be Intergovernmental.					
Permissive Motor Vehicle License Fund	Taxes	\$1,979	Motor Vehicle License Tax Fund	Intergovernmental	\$1,979
Receipts were recorded as Permissive Motor Vehicle License Fund taxes and should have been recorded as Motor Vehicle License Fund Intergovernmental.					
Gasoline Tax Fund	Intergovernmental	\$641	Motor Vehicle License Tax Fund	Intergovernmental	\$641
One receipt was recorded as Gasoline Tax Fund and should have been recorded as Motor Vehicle License Fund.					
General Fund	Taxes	\$525	General Fund	Intergovernmental	\$525
The Township recorded a Local Government receipt as taxes and it should have been recorded as Intergovernmental.					
General Fund	Intergovernmental	\$222	Permissive Motor Vehicle Tax Fund	Intergovernmental	\$222
One receipt was recorded as General Fund taxes and should have been recorded as Permissive Motor Vehicle License Fund Intergovernmental.					

2018 -continued					
Transaction as Posted (incorrect)			Correct Transaction Posting		
Fund	Account	Amount	Fund	Account	Amount
General fund	Intergovernmental	\$319	General Fund	Other financing Sources	\$319
The township recorded a receipt from Otarma Insurance company as intergovernmental and should have recorded the receipt as Other Financing Sources.					
General Fund	Taxes	\$740	Gasoline Tax Fund	Other Financing Sources	\$740
The township made an overpayment for the purchase of stone. The Township received a reimbursement outside the period and recorded the receipt as General Fund Taxes and should have recorded the receipt as Gasoline Tax Other Financing Sources.					
General Fund	Taxes	\$3,971	General Fund	Other Financing Sources	\$1,264
			Road and Bridge Fund	Other Financing Sources	\$1,264
			Fire Fund	Other Financing Sources	\$1,443
Fayette County issued a refund for excess Auditor and Treasurer fees during 2018. The Township recorded the reimbursement as General Fund taxes and the receipts should have been allocated between General, Road and Bridge and Fire Fund intergovernmental.					
Motor Vehicle License Tax Fund	Taxes	\$5,275	Motor Vehicle License Tax Fund	Intergovernmental	\$5,275
The Township recorded a Motor Vehicle License Tax Fund receipt as Taxes and should have recorded as Intergovernmental.					
Gasoline Tax Fund	Intergovernmental	\$170	Permissive Motor Vehicle License Tax Fund	Intergovernmental	\$170
One receipt was recorded as Gasoline Tax Fund and should have been recorded as Permissive Motor Vehicle License Tax Fund.					

2017					
Transaction as Posted (incorrect)			Correct Transaction Posting		
Fund	Account	Amount	Fund	Account	Amount
General Fund	Taxes	\$6,185	General Fund	Intergovernmental	\$1,980
			Road and Bridge Fund	Intergovernmental	\$1,980
			Fire Fund	Intergovernmental	\$2,225
The District incorrectly recorded Homestead and Rollback as taxes in the General Fund and should have recorded the revenue as Intergovernmental allocated to the General, Road & Bridge and Fire Fund.					

2017 - continued					
Transaction as Posted (incorrect)			Correct Transaction Posting		
Fund	Account	Amount	Fund	Account	Amount
Motor Vehicle License Fund	Taxes	\$1,112	Permissive Motor Vehicle License Tax Fund	Intergovernmental	\$1,112
Receipts were recorded as Motor Vehicle License Fund taxes and should have been recorded as Permissive Motor Vehicle License Fund Intergovernmental.					
Permissive Motor Vehicle License Tax Fund	Intergovernmental	\$1,232	Motor Vehicle License Fund	Intergovernmental	\$1,232
Receipts were recorded as Permissive Motor Vehicle License Fund and should have been recorded as Motor Vehicle License Fund.					
Gasoline Tax Fund	Intergovernmental	\$3,478	Gasoline Tax Fund	Intergovernmental	\$2,610
			Motor Vehicle License Tax Fund	Intergovernmental	\$653
			Permissive Motor Vehicle Tax Fund	Intergovernmental	\$215
The district incorrectly recorded a receipt into the Gasoline Fund and the receipt should have been recorded in the Gasoline Tax Fund, Motor Vehicle License Tax Fund and Permissive Motor Vehicle License Tax Fund.					
Motor Vehicle License Tax Fund	Taxes	\$5,905	Motor Vehicle License Tax Fund	Intergovernmental	\$5,905
The district incorrectly recorded Motor Vehicle License Tax receipts as Taxes and should have recorded the receipts as Intergovernmental.					

- c. We inspected the Receipt Register Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. The prior year agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2016.
2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of leases debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedule to debt service 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 one exception in 2018, where the principal portion of the debt payment was recorded as public works and should have been recorded as a principal payment on the UAN system.

4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Township's accounting system per the Receipt Register Report. The Township did not record the proceeds of the lease in the amount of \$128,898 in the Township's accounting system.
5. For new debt issued during 2018, we inspected the debt legislation, which stated the Township must use the proceeds to purchase a snow plow truck. We inspected the Payment Register Detail Report and observed the Township purchased a snow plow truck in March of 2018. The Township did not record a cash disbursement for the purchase of the equipment, in the amount of \$128,898 in the UAN system.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Employee Detail Adjustment Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary. We found no exceptions.
 - b. We inspected the fund and account code(s) to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in procedure 1 we inspected the [employees' personnel files for the following information and compared it 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
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found one exception above where the retirement system enrollment form and tax withholdings was not maintained for one employee. However, the payroll register did disclose retirement withholdings for this employee. We recommend the Township maintain all documentation to support wages paid and deductions withheld.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2018. We observed 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, 2019	1/23/2019	\$1,063	\$1,063
State income taxes	January 31, 2019	1/29/2019	\$178	\$178
Greenfield School tax	January 31, 2019	1/29/2019	\$30	\$30
OPERS retirement	January 30, 2019	1/29/2019	\$826	\$826

4. For the pay periods ended April 9, 2018 and September 11, 2017, we recomputed the allocation of the Board's per diem amounts to the General and Gasoline Tax Fund per the Wage Detail Report. We found no exceptions.
5. For the pay periods described in procedure 4, we traced Board per diem time or services performed to time or activity sheets. The Township had the required time sheets correctly documented, however, the township did not have a resolution stating that they will pay their trustees and employees by the per diem method. Ohio Rev. Code §§ 505.24(C)- Allocating township trustee and compensation, requires that townships using the per diem method must pass a resolution stating that is the method they will use to pay the trustees.
6. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2018 and 2017 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. Insurance reimbursements made were in compliance with ORC 505.60 and 505.601 and federal regulations.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2018 and ten from the year ended 2017 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. There were two exceptions in 2017 where a check number in the payment register detail report did not match the canceled check image from the bank statement. Check number 4535 was a check that was voided in the payment register detail report and was reissued as check number 4536. The bank statement reflected check number 4535 as cleared. Check 4519 to 4527 did not match the cancel check images from the bank. The checks were in a different order. Alternative procedures were performed to ensure reasonableness.
 - 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.

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 & Bridge funds for the years ended December 31, 2018 and 2017. The amounts on the Certificate did not agree. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$46,327, the Gasoline Fund of \$89,050 and the Road and Bridge Fund of 33,997 for 2018. However, the final Amended Official Certificate of Estimated Resources reflected \$43,302 in the General Fund, \$88,697 in the Gasoline Fund and \$30,789 in the Road and Bridge Fund. During 2017, the Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$43,530, the Gasoline Fund of \$86,891 and the Road and Bridge Fund of 30,300. However, the final Amended Official Certificate of Estimated Resources reflected \$41,518 in the General Fund, \$86,842 in the Gasoline Fund and \$30,367 in the Road and Bridge Fund. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General, Gasoline Tax and Road & 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.
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 2018 and 2017 for the following funds: General, Gasoline Tax, and Road and Bridge Fund. 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 & Bridge Funds for the years ended December 31, 2018 and 2017. There were 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, 2018 and 2017 for the General, Gasoline Tax and Road & Bridge Fund, as recorded in the Appropriation Status Report. There were no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the Township received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. For funds existing in prior years, inspect the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.

8. We inspected the Appropriation Ledger Report for the Eyman trust Fund, Cemetery Trust fund, Zimmerman Trust Fund. The Township has two cemetery related funds, the Cemetery Trust and Zimmerman Trust which are presented as Capital Project funds on the Township's accounting records with no activity for the 2018 and 2017. The Township previously reported these funds as Private Purpose trust due to funds meeting the definition per Governmental Accounting Standard Board Number 54 (GASB 54). The Township should review these trust agreements and GASB 54 to properly classify these funds.

The Township did not have any trust agreements for these funds. The Township should attempt to research these funds and locate trust agreements. The trust funds were adjusted to reflect the original presentation of the cemetery Trust and Zimmerman Trust Fund.

9. We inspected the 2018 and 2017 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner (effective after June 30, 2017) or Court of Common Pleas effective through June 30, 2017.
10. We inquired of management and inspected the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13 or 5705.132. The Township did not establish these reserves.
11. We inspected the Cash Summary by Fund Report for the years ended December 31, 2018 and 2017 for negative cash fund balances. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. No funds had a negative cash fund balances.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2018 and 2017 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 viewed the Fayette County Engineer's force account report for 2018 and 2017 and noted that the Township had two projects completed in 2018 and one completed in 2017. The Fayette County Engineers force account list states that the Township spent a total of \$3,795 for the first project in 2018 for a culvert project and the second project the Township spent a total of \$2,201 for a culvert project. In 2017 the Township spent a total of \$16,720 for a culvert project. This total did not exceed the \$45,000 limit Ohio Rev. Code Section 5575.01 permits for Townships to spend on road construction projects using its own labor force, equipment and supplies. The Township did have a completed force account project assessment form from the county engineer.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the years ended December 31, 2018 and 2017 in the Hinkle system. There were no exceptions.
2. We inquired of the fiscal officer *and* inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. The Fiscal Officer obtained three hours of the required twelve hours of training.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the Township's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

April 30, 2019

OHIO AUDITOR OF STATE KEITH FABER



PERRY TOWNSHIP

FAYETTE 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
MAY 23, 2019**