



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Perry Township
Lake County
PO Box 65
Perry, Ohio 44081

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 and Investments

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 Status Report to the December 31, 2012 balances in the prior year audited statements. We also agreed the January 1, 2014 beginning fund balances recorded in the Fund Status Report to the December 31, 2013 balances in the Fund Status 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 Cash Journal. The amounts agreed.
4. We confirmed the December 31, 2014 bank account balances with the Township's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2014 bank reconciliation without exception.
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. 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. We noted no exceptions.

Cash and Investments (Continued)

6. We selected all reconciling credits (such as deposits in transit) from the December 31, 2014 bank reconciliation:
 - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
 - b. We agreed the credit amounts to the Receipts Register. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We inspected the Fund Status Report to determine whether the Finding For Adjustment identified in the prior audit report was properly posted. The prior audit report reflected a greater December 31, 2012 balance of \$4,511 than the January 1, 2013 beginning balance which was a prior audit adjustment for CD interest not posted to the books. The adjustment was properly posted to the report. We found no exceptions.
8. We tested investments held at December 31, 2014 and December 31, 2013 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. 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 Cash Journal. 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. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Cash Journal to determine whether it included two real estate tax receipts plus 2 advances for 2014 and 2013. We noted the Cash Journal included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2014 and five from 2013. We also selected five receipts from the various County Auditor Reports from 2014 and five from 2013.
 - a. We compared the amount from the above reports to the amount recorded in the Cash Journal. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Over-The-Counter Cash Receipts

1. 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(s), and was recorded in the proper year. We found no exceptions.

Debt

1. From the prior audit documentation, we noted the following bonds and loans outstanding as of December 31, 2012. These amounts agreed to the Townships January 1, 2013 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2012:
Community Center Bonds	\$150,000
Lane Road Improvement Bonds	\$90,101
Mowers	\$10,906
McIntyre Property/Mortgage	\$60,201

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 bonded and note debt activity for 2014 and 2013 and agreed principal and interest payments from the related debt amortization schedule(s) to General, Debt Service, Permanent Improvement, Bond Retirement and Capital Project Funds payments reported in the Fund Journal and Appropriation Ledger. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Permanent Improvement Fund per the Receipt Register Report. The amounts agreed.
5. For new debt issued during 2014 and 2013, we inspected the debt legislation, noting the Township must use the proceeds to purchase a Mack truck and two properties. We scanned the Fund Journal and Appropriation Ledger and noted the Township purchased a Mack truck in 2013 and two properties in May of 2014.

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 Wage Withholdings Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Withholdings Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We expanded our testing to include all compensation for the fiscal officer and trustees for 2013 and 2014 and the results are below. Because we did not test all timecards, our report provides no assurance whether or not other similar errors occurred. Further, we noted Trustees and Fiscal Officer were paid on a bi-weekly basis instead of a monthly basis required by Ohio Rev. Code § 507.09(E) and 505.24(D).

Compensation of Elected Officials – Findings Repaid/Resolved Under Audit

Pursuant to Ohio Rev. Code § 507.09(A)(8) and 505.24(A)(5), in calendar years 2014 and 2013, in a township having a budget of more than three million five hundred thousand one dollars (\$3,500,001) but not more than six million dollars (\$6,000,000), the annual compensation of the township fiscal officer shall be \$21,221 and each township trustee shall be \$12,346.

The Township's Certificates of Estimated Resources as approved by the County Budget Commission, for fiscal year 2013 initially indicated a certified amount of \$4,631,596. The final amount, as set by the Commission, was \$4,663,096 for the period from January 1, through December 31, 2013; and for fiscal year 2014 it was set initially at \$5,175,813 and finalized at \$5,812,113 for the period from January 1, through December 31, 2014. During certain previous years, the Township's Certificates of Estimated Resources had included amounts reimbursed the Township under Section 5727.86 of the Ohio Revised Code. For the years at issue as part of this engagement, however, such reimbursement payments were made directly to the Perry Joint Fire District, and not to the Township. As such, the Township's Certificates for 2013 and 2014 were substantially reduced. The Township took no formal action to seek adjustment of the certificates to include the reimbursement amounts. Ohio Attorney General Opinions 92-003 and 99-015 indicate that, under Section 505.24 a Township's Certificate of Estimated Resources is to be utilized in order to determine the appropriate compensation level of the Township Trustees and Fiscal Officer. As such, the maximum annual salary for the fiscal officer and each trustee should have been \$21,221 and \$12,346, respectively for each year. A review of the payroll records indicate Christine Page, Fiscal Officer, was paid the annual compensation of \$24,355 during 2013 and 2014 and as a result, an overpayment of \$6,268 occurred.

Two township trustees were paid annual compensation of \$15,998 during 2013 and the third was paid \$12,921 for 10 months; further all three township trustees were paid annual compensation of \$15,998 in 2014 and as a result, for both 2013 and 2014, an overpayment of \$3,652 each occurred for 2 of the trustees holding the same seat (\$7,304 in total), the third was overpaid \$7,304, and the fourth was overpaid \$6,602.

These overpayments occurred as a result of errors and not intentional misappropriations, and they resulted in Findings for Recovery.

In accordance with the foregoing facts and circumstances, and, pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies expended in a manner contrary to law is hereby issued against Christine Page, Fiscal Officer, in the amount of \$6,268 and in favor of Perry Township's General Fund. In addition Findings for Recovery for monies expended in a manner contrary to law are hereby issued against former trustee Phillip Haskell, in the amount of \$3,652 and Trustee Robert Dawson in the amount of \$3,652; Trustee Rick Amos in the amount of \$7,304 and Trustee Nancy Steele in the amount of \$6,602, and in favor of Perry Township's General Fund. The Township should implement procedures to ensure officials are compensated in accordance with the Ohio Revised Code.

Payroll Cash Disbursements (Continued)

Compensation of Elected Officials – Findings Repaid/Resolved Under Audit (Continued)

The following Findings for Recovery have been fully repaid under audit: Fiscal Officer Christine Page repaid the Township's General Fund \$6,268. Trustee Rick Amos repaid \$7,304, Trustee Robert Dawson repaid \$3,652 and Trustee Nancy Steele repaid \$6,602 to the Township's General Fund, \$17,558 in total for the Trustees. Phillip Haskell has entered into a repayment agreement with the Township. Mr. Haskell has agreed to repay the Township the sum of \$3,652 at the rate of \$300 per month beginning January 15, 2016 and continuing for the next 10 months on the 15th of each month and one final payment of \$352 on December 15, 2016 for a total repayment of \$3,652.

- b. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the minute record or as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. 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	January 31, 2015	December 31, 2014	\$2,862.44	\$2,862.44
State income taxes	January 15, 2015	December 31, 2014	\$1,083.00	\$1,083.00
CCA (N. Perry Village, Painesville)	January 30, 2015	December 31, 2014	\$91.80	\$91.80
RITA (Perry Village)	January 30, 2015	December 31, 2014	\$523.95	\$523.95
OPERS retirement	January 30, 2015	December 31, 2014	\$11,933.56	\$11,933.56

3. We inquired of management and scanned the Appropriation Ledger for the years ended December 31, 2014 and 2013 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. We noted no such reimbursements.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Cash Journal 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 Cash Journal and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.

Non-Payroll Cash Disbursements (Continued)

- 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 six instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred

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 Receipt Account Status Report for the General, Road & Bridge and Gas Tax funds for the years ended December 31, 2014 and 2013. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund. The Receipt Account Status Report recorded budgeted (i.e. certified) resources for the General fund of \$992,411 and \$1,319,362 for 2013 and 2014, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$1,081,053 and \$1,333,362. The fiscal officer should periodically compare amounts recorded in the Receipt Account 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, Road & Bridge and Gas Tax 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 2014 and 2013 for the following funds: General, Road & Bridge, and Gas Tax Funds. Except for the General Fund in 2013, the amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report. Final appropriations in the General Fund were \$1,448,971; however, the Appropriation Status Report reflected \$1,439,972.
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, Road & Bridge and Gas Tax 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, Road & Bridge and Gas Tax Funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. 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.

Compliance – Budgetary (Continued)

7. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Account Status 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.
8. We scanned the 2014 and 2013 Receipt Account Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$10,000 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.
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

1. We inquired of management and scanned the Cash Journal 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.



Dave Yost
Auditor of State
Columbus, Ohio

January 14, 2016

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PERRY TOWNSHIP

LAKE 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
FEBRUARY 4, 2016**