

**PERRY TOWNSHIP**

DAYTON REGION, SHELBY COUNTY

**REGULAR AUDIT**

FOR THE YEARS ENDED DECEMBER 31, 2006 - 2005





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Perry Township  
6370 Jackson Road  
Sidney, Ohio 45365

We have reviewed the *Independent Accountants' Report* of Perry Township, Shelby County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Perry Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 27, 2007

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**PERRY TOWNSHIP  
SHELBY COUNTY**

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**MANNING & ASSOCIATES CPAS, LLC  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414**

**INDEPENDENT ACCOUNTANTS' REPORT**

Perry Township  
6370 Jackson Road  
Sidney, Ohio 45365

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Shelby County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Perry Township, Shelby County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 17, 2007 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 grants agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC  
Dayton, Ohio

August 17, 2007



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**PERRY TOWNSHIP  
SHELBY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES  
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Governmental Fund Types</u>				<b>Total (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 16,107	\$ 27,771	\$ 0	\$ 0	\$ 43,878
Licenses, Permits, and Fees	800	38,873	0	0	39,673
Intergovernmental Receipts	74,398	126,922	0	0	201,320
Special Assessments	0	0	4,867	0	4,867
Earnings on Investments	1,592	1,091	0	45	2,728
Miscellaneous	6,263	17,010	0	0	23,273
<b>Total Cash Receipts</b>	<u>99,160</u>	<u>211,667</u>	<u>4,867</u>	<u>45</u>	<u>315,739</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	\$ 52,867	\$ 0	\$ 0	\$ 0	\$ 52,867
Public Safety	0	11,777	0	0	11,777
Public Works	0	86,382	4,550	0	90,932
Health	3,662	49,907	0	94	53,663
Capital Outlay	0	44,655	0	0	44,655
<b>Total Cash Disbursements</b>	<u>56,529</u>	<u>192,721</u>	<u>4,550</u>	<u>94</u>	<u>253,894</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>42,631</u>	<u>18,946</u>	<u>317</u>	<u>(49)</u>	<u>61,845</u>
<b>Other Financing Receipts/Disbursements</b>					
Sale of Fixed Assets	0	700	0	0	700
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>0</u>	<u>700</u>	<u>0</u>	<u>0</u>	<u>700</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>42,631</u>	<u>19,646</u>	<u>317</u>	<u>(49)</u>	<u>62,545</u>
<b>Fund Cash Balances, January 1,</b>	<u>58,947</u>	<u>184,545</u>	<u>2,491</u>	<u>3,649</u>	<u>249,632</u>
<b>Fund Cash Balances, December 31,</b>	<u>\$ 101,578</u>	<u>\$ 204,191</u>	<u>\$ 2,808</u>	<u>\$ 3,600</u>	<u>\$ 312,177</u>

The Notes to the Financial Statements are an integral part of this statement.

**PERRY TOWNSHIP  
SHELBY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES  
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Governmental Fund Types</u>				<b>Total (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 15,888	\$ 15,459	\$ 0	\$ 0	\$ 31,347
Licenses, Permits, and Fees	1,394	37,650	0	0	39,044
Intergovernmental Receipts	46,040	100,352	0	0	146,392
Special Assessments	0	0	4,660	0	4,660
Earnings on Investments	1,753	726	0	38	2,517
Miscellaneous	6,189	15,642	0	0	21,831
<b>Total Cash Receipts</b>	<u>71,264</u>	<u>169,829</u>	<u>4,660</u>	<u>38</u>	<u>245,791</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	\$ 51,339	\$ 0	\$ 0	\$ 0	\$ 51,339
Public Safety	0	10,698	0	0	10,698
Public Works	0	57,374	4,536	0	61,910
Health	13,810	54,940	0	44	68,794
Human Services	0	3,525	0	0	3,525
Capital Outlay	200	24,270	0	0	24,470
<b>Total Cash Disbursements</b>	<u>65,349</u>	<u>150,807</u>	<u>4,536</u>	<u>44</u>	<u>220,736</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>5,915</u>	<u>19,022</u>	<u>124</u>	<u>(6)</u>	<u>25,055</u>
<b>Other Financing Receipts/Disbursements</b>					
Transfers-In	0	5,977	0	0	5,977
Transfers-Out	(5,977)	0	0	0	(5,977)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(5,977)</u>	<u>5,977</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(62)</u>	<u>24,999</u>	<u>124</u>	<u>(6)</u>	<u>25,055</u>
<b>Fund Cash Balances, January 1,</b>	<u>59,009</u>	<u>159,546</u>	<u>2,367</u>	<u>3,655</u>	<u>224,577</u>
<b>Fund Cash Balances, December 31,</b>	<u>\$ 58,947</u>	<u>\$ 184,545</u>	<u>\$ 2,491</u>	<u>\$ 3,649</u>	<u>\$ 249,632</u>

The Notes to the Financial Statements are an integral part of this statement.

**PERRY TOWNSHIP  
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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**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 Perry Township, Shelby 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 contracts with the Port Jefferson Fire Department and Miami Township to provide fire services, and Perry Port Salem Ambulance District to provide ambulance services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

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

The Township maintained a checking account, money market account and certificates of deposit which are valued at cost.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**General Fund:**

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

**PERRY TOWNSHIP  
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Fund Accounting (continued)**

**Special Revenue Funds:**

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

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

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

**Cemetery Fund** – This fund receives money from the sale of plots and the opening and closing of graves to be used for cemetery upkeep.

**Capital Project Funds:**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

**Light Assessment Fund** – This fund is used to account for assessments from residents for lighting.

**Permanent Fund:**

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

**Cemetery Trust** – This fund receives interest earned on the nonexpendable corpus from the trust agreement. These earnings are used for the general maintenance and upkeep of the cemetery.

**PERRY TOWNSHIP  
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end were canceled, and reappropriated in the subsequent year. The Township did not encumber all expenditure commitments required by Ohio law.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

**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.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2006</u>	<u>2005</u>
Demand deposits	\$257,103	\$212,413
Certificates of Deposit	55,074	37,219
Total deposits	<u>\$312,177</u>	<u>\$249,632</u>

**Deposits:**

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**PERRY TOWNSHIP**  
**SHELBY COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2006 was as follows:

**2006 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 96,637	\$ 99,160	\$ 2,523
Special Revenue	201,336	212,367	11,031
Capital Projects	4,590	4,867	277
Permanent	38	45	7
Total	<u>\$ 302,601</u>	<u>\$ 316,439</u>	<u>\$ 13,838</u>

**2006 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 73,819	\$ 56,529	\$ 17,290
Special Revenue	252,340	192,721	59,619
Capital Projects	7,079	4,550	2,529
Permanent	942	94	848
Total	<u>\$ 334,180</u>	<u>\$ 253,894</u>	<u>\$ 80,286</u>

Budgetary activity for the year ending December 31, 2005 was as follows:

**2005 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 66,694	\$ 71,264	\$ 4,570
Special Revenue	172,224	175,806	3,582
Capital Projects	4,410	4,660	250
Permanent	54	38	(16)
Total	<u>\$ 243,382</u>	<u>\$ 251,768</u>	<u>\$ 8,386</u>

**2005 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 108,087	\$ 71,326	\$ 36,761
Special Revenue	305,422	150,807	154,615
Capital Projects	6,777	4,536	2,241
Permanent	898	44	854
Total	<u>\$ 421,184</u>	<u>\$ 226,713</u>	<u>\$ 194,471</u>

**PERRY TOWNSHIP  
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt 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.

Public utilities are also taxed on personal and real property located within the Township. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEM**

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

OPERS members contribute 9% and 8.5% of their gross salaries for 2006 and 2005, respectively. The Township contributes an amount equal to 13.7% and 13.55% of participants' gross salaries for 2006 and 2005, respectively. The Township has paid all contributions required through December 31, 2006.

**6. RISK MANAGEMENT**

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Property
- General Liability
- Business Auto
- Inland Marine

**7. FUND RECLASSIFICATIONS**

Beginning January 1, 2005, the Township reclassified its nonexpendable trusts funds. The nonexpendable Cemetery Funds were reclassified to Permanent Funds to reflect the nature of the fund's activity. These reclassifications resulted in the following changes in fund cash balances at January 1, 2005:

		Permanent Fund		Non-Expendable Trust Fund
Balance, December 31, 2004	\$	0	\$	3,655
Reclassification of Fund		3,655		(3,655)
Balance, January 1, 2005	\$	3,655	\$	0



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**MANNING & ASSOCIATES CPAS, LLC  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Perry Township  
Shelby County  
6370 Jackson Road  
Sidney, Ohio 45365

To the Board of Trustees:

We have audited the financial statements of Perry Township, Shelby County (the Township), as of and for the years ended December 31, 2006, and 2005, and have issued our report thereon dated August 15, 2007, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses, as defined above.

We noted certain matters that we reported to the Township's management in a separate letter dated August 17, 2007.

### **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 grants agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standard*, which are described in the accompanying schedule of findings as item 2006-001.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated August 17, 2007.

We intend this report solely for the information and use of the audit committee, management, and Board of Township Trustees. It is not intended for anyone other than these specified parties.

Manning & Associates CPAs, LLC  
Dayton, Ohio

August 17, 2007

**PERRY TOWNSHIP  
SHELBY COUNTY**

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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

**FINDING NUMBER 2006-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(D)** prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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

- 1. "Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

- 2. Blanket certificate** – Fiscal officers may prepare "blanket" certificates not exceeding \$5,000 (an amount established by resolution or ordinance adopted by the legislative authority, effective September 26, 2003) against any specific line item account over a period not exceeding three months (three month limitation was eliminated effective September 26, 2003) or running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**FINDING NUMBER 2006-001**  
**(Continued)**

- 3. Super Blanket certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation

The results of our tests revealed that in 2006 and 2005, 21percent and 7 percent, respectively, of the transactions tested were honored by the fiscal officer rather than declaring them null and void due to lack of certification. Further, the Township did not properly certify the availability of funds prior to purchase of commitment for several of the contracts that were entered into to and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Township's Fiscal Officer certify that the funds are or will be available prior to the obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**PERRY TOWNSHIP  
SHELBY COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR END DECEMBER 31, 2006 AND 2005

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FINDING NUMBER	FINDING SUMMARY	FULLY CORRECTED?	NOT CORRECTED, PARTIALLY CORRECTED; SIGNIFICANTLY DIFFERENT CORRECTIVE ACTION TAKEN; OR FINDING NO LONGER VALID; <i>EXPLAIN:</i>
2004-002	Ohio Rev. Code Section 5705.41 (D) - Failure to certify the availability of funds prior to incurring the obligation	No	Repeated as Finding 2006-001



**Mary Taylor, CPA**  
Auditor of State

**PERRY TOWNSHIP**

**SHELBY 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  
DECEMBER 11, 2007**