



Dave Yost • Auditor of State

PERRY TOWNSHIP
ALLEN COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Perry Township
Allen County
2408 E Breese Road
Lima, OH 45806

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Perry Township, Allen County, (the Township) as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1B of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Perry Township, Allen County as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1B.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2011 Perry Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2013, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

October 18, 2013

**PERRY TOWNSHIP
ALLEN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$302,030	\$711,747		\$1,013,777
Charges for Services		136,590		136,590
Licenses, Permits and Fees	12,863	72		12,935
Fines and Forfeitures	3,041	3,489		6,530
Intergovernmental	133,451	216,231	\$112,714	462,396
Special Assessments		6,997		6,997
Earnings on Investments	598			598
Miscellaneous	26,454	46,467		72,921
Total Cash Receipts	<u>478,437</u>	<u>1,121,593</u>	<u>112,714</u>	<u>1,712,744</u>
Cash Disbursements:				
Current:				
General Government	248,968	47,996		296,964
Public Safety	68,700	510,773		579,473
Public Works		187,026		187,026
Health	30,500			30,500
Capital Outlay	41,866	47,345	112,714	201,925
Total Cash Disbursements	<u>390,034</u>	<u>793,140</u>	<u>112,714</u>	<u>1,295,888</u>
Excess of Receipts Over (Under) Disbursements	<u>88,403</u>	<u>328,453</u>		<u>416,856</u>
Other Financing Receipts (Disbursements):				
Sale of Capital Assets		31,800		31,800
Transfers In		51,093		51,093
Transfers Out	(45,000)		(6,093)	(51,093)
Total Other Financing Receipts (Disbursements)	<u>(45,000)</u>	<u>82,893</u>	<u>(6,093)</u>	<u>31,800</u>
Net Change in Fund Cash Balances	43,403	411,346	(6,093)	448,656
Fund Cash Balances, January 1	<u>618,352</u>	<u>603,887</u>	<u>6,093</u>	<u>1,228,332</u>
Fund Cash Balances, December 31:				
Nonspendable				
Restricted		1,015,233		1,015,233
Committed				
Assigned				
Unassigned (Deficit)	661,755			661,755
Fund Cash Balances, December 31	<u>\$661,755</u>	<u>\$1,015,233</u>	<u>\$0</u>	<u>\$1,676,988</u>

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

PERRY TOWNSHIP
ALLEN COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Fiduciary Fund Types</u>
	<u>Agency</u>
Non-Operating Receipts (Disbursements):	
Miscellaneous Receipts	\$5,720
Other Non-Operating Disbursements	<u>(5,720)</u>
Total Non-Operating Receipts (Disbursements)	
Net Change in Fund Cash Balances	
Fund Cash Balances, January 1	<u> </u>
Fund Cash Balances, December 31	<u><u>\$0</u></u>

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

**PERRY TOWNSHIP
ALLEN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$262,118	\$703,213		\$965,331
Charges for Services		127,480		127,480
Licenses, Permits and Fees	5,324	39		5,363
Fines and Forfeitures	1,336	2,998		4,334
Intergovernmental	185,563	246,746		432,309
Special Assessments		5,111		5,111
Earnings on Investments	588	203		791
Miscellaneous	7,867	17,546		25,413
Total Cash Receipts	<u>462,796</u>	<u>1,103,336</u>		<u>1,566,132</u>
Cash Disbursements:				
Current:				
General Government	260,843	35,151		295,994
Public Safety	67,514	572,850		640,364
Public Works	750	185,259		186,009
Health	28,384			28,384
Capital Outlay	10,307	328,000		338,307
Total Cash Disbursements	<u>367,798</u>	<u>1,121,260</u>		<u>1,489,058</u>
Excess of Receipts Over (Under) Disbursements	<u>94,998</u>	<u>(17,924)</u>		<u>77,074</u>
Other Financing Receipts (Disbursements):				
Transfers In		47,443		47,443
Transfers Out	(47,443)			(47,443)
Refund of Prior Year Expenditures	6,000	26		6,026
Total Other Financing Receipts (Disbursements)	<u>(41,443)</u>	<u>47,469</u>		<u>6,026</u>
Net Change in Fund Cash Balances	53,555	29,545		83,100
Fund Cash Balances, January 1	<u>564,797</u>	<u>574,342</u>	<u>\$6,093</u>	<u>1,145,232</u>
Fund Cash Balances, December 31:				
Non-spendable				
Restricted		603,887	6,093	609,980
Committed				
Assigned				
Unassigned (Deficit)	618,352			618,352
Fund Cash Balances, December 31	<u>\$618,352</u>	<u>\$603,887</u>	<u>\$6,093</u>	<u>\$1,228,332</u>

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

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**PERRY TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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

B. Accounting Basis

These financial statements follow the accounting basis 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 the Auditor of State prescribes or permits.

C. Deposits 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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.

**PERRY TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire Fund - This fund receives property tax money to provide fire protection to the Township.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

Issue II Fund - The Township received a grant from the Ohio Public Works Commission for 2012 road program.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for monies received from insurance companies and held in an escrow account by the Township on behalf of its constituents and paid once the property owners meet the standards set by the Township for maintaining property within the Township limits.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds 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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 are canceled, and re-appropriated in the subsequent year.

A summary of 2012 and 2011 budgetary activity appears in Note 4.

**PERRY TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Non-spendable

The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

**PERRY TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2011, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 did not have an effect on fund balances previously reported.

3. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2012	2011
Demand deposits	\$1,648,820	\$1,200,185
STAR Ohio	28,168	28,147
Total deposits and investments	\$1,676,988	\$1,228,332

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

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 381,805	\$ 478,437	\$ 96,632
Special Revenue	1,049,527	1,204,486	154,959
Capital Projects	124,954	112,714	(12,240)
Total	\$1,556,286	\$1,795,637	\$239,351

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 521,956	\$435,034	\$ 86,922
Special Revenue	1,030,385	793,140	237,245
Capital Projects	124,954	118,807	6,147
Total	\$1,677,295	\$1,346,981	\$330,314

**PERRY TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 352,919	\$ 468,796	\$115,877
Special Revenue	1,063,145	1,150,805	87,660
Total	\$1,416,064	\$1,619,601	\$203,537

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 447,273	\$ 415,241	\$ 32,032
Special Revenue	1,263,249	1,121,260	141,989
Total	\$1,710,522	\$1,536,501	\$174,021

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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.

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OP&F participants contributed 10% of their wages. For 2012 and 2011, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2012.

**PERRY TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



Dave Yost • Auditor of State

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

Perry Township
Allen County
2408 E Breese Road
Lima, OH 45806

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Perry Township, Allen County, (the Township) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated October 18, 2013 wherein we noted the Township adopted the provisions of Governmental Accounting Standards board Statement No. 54, *Fund Balance and Governmental Fund Type Definitions* for the year ended December 31, 2011. We also noted the Township followed financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-009 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2012-001 through 2012-008.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

October 18, 2013

**PERRY TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

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

FINDING NUMBER 2012-001

Finding Repaid Under Audit - Overpayment of Corey Lehman Wages

Perry Township Trustees approved the Perry Township Employee's Handbook on December 1, 2009. The handbook states within the Holiday section that any full-time employee working on a salary or hourly basis is entitled to eight (8) hours of holiday pay for the ten recognized holidays per year as stated in the Employee's Handbook including Labor Day and Veterans Day. Corey Lehman was the Township's full-time road supervisor and \$17.27/hour was the trustees' approved wage per hour for the position.

In 2011, per Electronic fund transfer #E01345 dated September 16, 2011, Corey Lehman was paid 64 hours regular pay, 8 hours holiday pay (Labor Day), 8 hours sick leave, and 8 hours vacation for a total of 88 hours for the bi-weekly pay period. Per the timesheet for this pay period, he only worked 56 hours resulting in 8 hours overpayment at \$17.27/hour for an overpayment amount of \$138.

Also, in 2011, per Electronic fund transfer #E01533 dated November 25, 2011, Corey Lehman was paid 72 hours regular pay, 8 hours holiday pay (Veterans Day), and 8 hours sick leave for a total of 88 hours for the bi-weekly pay period. Per the timesheet for this pay period, he only worked 64 hours resulting in 8 hours overpayment at \$17.27/hour for an overpayment amount of \$138.

As a result, a total overpayment of \$276 occurred. Upon notification of the error by the Auditor of State's office, the Township notified the employee and he repaid the Township \$276 on April 9, 2013 per receipt #65-2013.

FINDING NUMBER 2012-002

Finding Repaid Under Audit - Overpayment of Scott Stombaugh Wages

Perry Township Trustees approved the Perry Township Employee's Handbook on December 1, 2009. The handbook states within the Holiday section that any full-time employee working on a salary or hourly basis is entitled to eight (8) hours of holiday pay for the ten recognized holidays per year as stated in the Employee's Handbook including Labor Day and Veterans Day. Scott Stombaugh was the Township's full-time road worker and \$16.27/hour was the trustees' approved wage per hour for the position.

In 2011, per Electronic fund transfer #E01355 dated September 16, 2011, Scott Stombaugh was paid 80 hours regular pay and 8 hours holiday pay (Labor Day) for a total of 88 hours for the bi-weekly pay period. Per the timesheet for this pay period, he only worked 72 hours resulting in 8 hours overpayment at \$16.27/hour for an overpayment amount of \$130.

Also, in 2011, per Electronic fund transfer #E01546 dated November 25, 2011, Scott Stombaugh was paid 60 hours regular pay, 8 hours holiday pay (Veterans Day), 4 hours comp pay, and 16 hours vacation leave for a total of 88 hours for the bi-weekly pay period. Per the timesheet for this pay period, he only worked 52 hours resulting in 8 hours overpayment at \$16.27/hour for an overpayment amount of \$130.

As a result, a total overpayment of \$260 occurred. Upon notification of the error by the Auditor of State's office, the Township notified the employee and he repaid the Township \$260 on April 15, 2013 with receipt #66-2013.

FINDING NUMBER 2012-003

Finding Repaid Under Audit - Overpayment of Shonda Martin Wages

Perry Township Trustees approved the Perry Township Employee's Handbook on December 1, 2009. The handbook states within the Holiday section that any full-time employees working on a salary or hourly basis is entitled to eight (8) hours of holiday pay for the ten recognized holidays per year as stated in the Employee's Handbook including Labor Day and Veterans Day. Shonda Martin was a Township's full-time fire department secretary and \$10.67/hour was the trustees' approved wage per hour for the position.

In 2011, per Electronic fund transfer #E01346 dated September 16, 2011, Shonda Martin was paid 80 hours regular pay and 8 hours holiday pay (Labor Day) for a total of 88 hours for the bi-weekly pay period. Per the timesheet for this pay period, she only worked 72 hours resulting in 8 hours overpayment at \$10.67/hour for an overpayment amount of \$85.

Also, in 2011, per Electronic fund transfer #E01535 dated November 25, 2011, Shonda Martin was paid 64 hours regular pay, 8 hours holiday pay (Veterans Day), and 16 hours sick leave for a total of 88 hours for the bi-weekly pay period. Per the timesheet for this pay period, she only worked 56 hours resulting in 8 hours overpayment at \$10.67/hour for an overpayment amount of \$85.

As a result, a total overpayment of \$170 occurred. Upon notification of the error by the Auditor of State's office, Shonda Martin repaid the Township \$170 on November 21, 2013 with receipt #229-2103.

FINDING NUMBER 2012-004

Finding Repaid Under Audit - Overpayment of Brooke Hedges Wages

Perry Township Trustees hired Brooke Hedges as a full time EMT/Firefighter effective January 16, 2012. The Trustees' approved wage for a full time EMT/Firefighter is \$28,000 annually. After six months service, the wage increases to \$29,200 annually. A full time EMT/Firefighter's annual wages are based on 2756 hours regular hours and 156 OT hours per year. Therefore, at \$28,000 annually, \$9.36 hourly rate, \$14.04 hourly overtime rate, and base rate of \$1,076.92 bi-weekly pay. At \$29,200 annually, \$9.76 hourly rate, \$14.64 hourly overtime rate, and a base rate of \$1,123.08 bi-weekly pay.

In 2012, Brooke Hedges base rate of bi-weekly pay was calculated and paid at \$1,166.67 and hourly overtime rate at \$14.43 from pay period starting February 3, 2012 through August 3, 2012. Her base rate of bi-weekly pay was calculated and paid at \$1,123.08 and hourly overtime rate at \$15.05 for the pay period starting August 17, 2012 through August 31, 2012. The higher base rate and hourly overtime rate resulted in overpaid wages of \$1,269.80.

On December 7, 2012, \$634.65 was withheld from Brooke Hedges' salary to repay a portion of the overpaid wages. This results in a total outstanding overpayment as of December 31, 2012 of \$634.

The US Department of Labor - Wage and Hour Division issued a Summary of Unpaid Wages on May 3, 2013 in favor of Brooke Hedges in the amount of \$234 which offset the overpaid wages above. Upon notification of the error by the Auditor of State's office, the rest of the overpayment was repaid under audit in the amount of \$390 through payroll withholding for 40hrs vacation leave cashed in on Electronic Fund Transfer Advice dated June 25, 2013 and \$10 paid on July 17, 2013 per receipt #147-2013.

FINDING NUMBER 2012-005

Finding for Recovery - Overpayment of Ike Ricker Wages

Perry Township Trustees hired Ike Ricker as a full time EMT/Firefighter effective January 18, 2011. The Trustees' approved wages for a full time EMT/Firefighter is \$28,000 annually. A full time EMT/Firefighter's annual wages are based on 2756 hours regular hours and 156 OT hours per year. Therefore, at \$28,000 annually, \$9.36 was the hourly rate, \$14.04 the hourly overtime rate, and a base rate of \$1,076.92 bi-weekly pay. Ike Ricker resigned on July 5, 2011.

In 2011, Ike Ricker's base rate of bi-weekly pay was calculated and paid at \$1,166.67 and hourly overtime rate at \$14.43 from pay period starting February 4, 2011 through July 8, 2011. The higher base rate and hourly overtime rate resulted in overpaid wages of \$1,012.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public monies illegally expended is hereby issued against Ike Ricker in the amount of \$1,012, and in favor of Perry Township, Allen County Fire Fund, in the amount of \$1,012.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of the expenditure. *Steward v. National Surety Corp. (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten (1985), 18 Ohio St. 3d228*. Public officials controlling public funds or property be fraudulently obtained by another, converted, misappropriated, lost, or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No 80-074.

Former Fiscal Officer, Cathy Semer issued the payroll resulting in improper payments to Ike Ricker. Accordingly, Cathy Semer and her bonding company, The Cincinnati Insurance Company, will be jointly and severally liable in the amount of \$1,012 and in favor of the Township's Fire Fund in the amount listed above.

FINDING NUMBER 2012-006

Finding for Recovery - Overpayment of Matt Tumbleson Wages

Perry Township Trustees hired Matt Tumbleson as a full time EMT/Firefighter effective July 5, 2011. The Trustees' approved wages for a full time EMT/Firefighter is \$28,000 annually. After six months service, the wage increased to \$29,200 annually. A full time EMT/Firefighter's annual wages are based on 2756 hours regular hours and 156 OT hours per year. Therefore, at \$28,000 annually, \$9.36 hourly rate, \$14.04 hourly overtime rate, and base rate of \$1,076.92 bi-weekly pay. At \$29,200 annually, \$9.76 hourly rate, \$14.64 hourly overtime rate, and a base rate of \$1,123.08 bi-weekly pay. Matt resigned on August 7, 2012.

In 2011, Matt Tumbleson's base rate of bi-weekly pay was calculated and paid at \$1,166.67 and hourly overtime rate at \$14.43 from pay period starting July 22, 2011 through December 23, 2011 (year-end). The higher base rate and hourly overtime rate resulted in overpaid wages of \$1,077.

In 2012, Matt Tumbleson's base rate of bi-weekly pay was calculated and paid at \$1,166.67 and hourly overtime rate at \$14.43 for pay period January 6, 2012. His base rate of bi-weekly pay was calculated and paid at \$1,216.67 and hourly overtime rate at \$15.05 from pay period starting January 23, 2012 through August 17, 2012. The higher base rate and hourly overtime rate resulted in overpaid wages of \$1,513. (\$661 from January through March and \$852 April through August).

On August 17, 2012, \$561 was withheld from Matt Tumbleson's salary to repay a portion of the overpaid wages. This still results in total overpaid wages of \$2,029.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public monies illegally expended is hereby issued against Matt Tumbleson in the amount of \$2,029, and in favor of Perry Township, Allen County Fire Fund, in the amount of \$2,029.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of the expenditure. *Steward v. National Surety Corp. (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten (1985), 18 Ohio St. 3d228.* Public officials controlling public funds or property be fraudulently obtained by another, converted, misappropriated, lost, or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No 80-074.

Former Fiscal Officer, Cathy Semer issued the payroll in 2011 and through March 31, 2012 and fiscal officer, Natalie Scott issued payroll from April 2012 through year end 2012 resulting in improper payments to Matt Tumbleson. Accordingly, Cathy Semer and her bonding company, The Cincinnati Insurance Company and Natalie Scott and her bonding company, Travelers Casualty and Surety Company of America, will be jointly and severally liable in the amount of \$1,177 and \$852, respectively and in favor of the Township's Fire Fund in the amount listed above.

FINDING NUMBER 2012-007

Finding Repaid Under Audit - Overpayment of Tim Potts Wages

Perry Township Trustees hired Tim Potts as a full time EMT/Firefighter effective December 15, 2009. The Trustees' approved wages for a full time EMT/Firefighter after 6 months service is \$29,200 annually. A full time EMT/Firefighter's annual wages are based on 2756 hours regular hours and 156 OT hours per year. Therefore, at \$29,200 annually, \$9.76 hourly rate, \$14.64 hourly overtime rate, and a base rate of \$1,123.08 bi-weekly pay.

**FINDING NUMBER 2012-007
(Continued)**

In 2011, Tim Potts' base rate of bi-weekly pay was calculated and paid at \$1,123.08 and hourly overtime rate at \$15.05. The higher base rate and hourly overtime rate resulted in overpaid wages of \$2,217.

In 2012, Tim Potts' base rate of bi-weekly pay was calculated and paid at \$1,123.08 and hourly overtime rate at \$15.05. The higher base rate and hourly overtime rate resulted in overpaid wages of \$1,466 (\$598 from January through March and \$868 April through December).

On December 27, 2012, Tim Potts cashed in 32 hours of vacation at \$9.76 hour for a total of \$312 to repay a portion of the overpaid wages. Also, Tim Potts was on a repayment plan starting on pay period December 7, 2012 to repay \$50 by withholding from each pay until the overpayment was completely paid-off. As of May 24, 2013, the Township withheld \$650 (pay periods December 7, 2012, December 21, 2012, January 4, 2013, January 18, 2013, February 1, 2013, February 15, 2013, March 1, 2013, March 15, 2013, March 29, 2013, April 12, 2013, April 26, 2013, May 10, 2013, and May 24, 2013). The US Department of Labor - Wage and Hour Division issued a Summary of Unpaid Wages on May 3, 2013 in favor of Tim Potts in the amount of \$2,742 which offset the overpaid wages above.

FINDING NUMBER 2012-008

Finding Repaid Under Audit - Overpayment of Rick Phillips Wages

Perry Township Trustees hired Rick Phillips as a full time EMT/Firefighter/part-time fire chief effective November 20, 2009. The Trustees' approved wages for a full time EMT/Firefighter/part-time fire chief was \$39,999 annually, and Trustees approved an increase effective 2011 to \$41,200 annually. A full time EMT/Firefighter's annual wages are based on 2756 hours regular hours and 156 OT hours per year. Therefore, at \$41,200 annually, \$13.77 hourly rate, \$20.66 hourly overtime rate, and a base rate of \$1,584.62 bi-weekly pay. On January 30, 2012, Rick Phillips was made full-time fire Chief with 8am to 5pm daily hours Monday through Friday for \$45,000 annually. The bi-weekly rate was \$1,730.77 with overtime hourly rate at \$32.45.

In 2011, Rick Phillips' base rate of bi-weekly pay was calculated and paid at \$1,716.63 and hourly overtime rate at \$21.23. The higher base rate and hourly overtime rate resulted in overpaid wages of \$3,463.

In 2012, Rick Phillips' base rate of bi-weekly pay was calculated and paid at \$1,716.63 and hourly overtime rate at \$21.23 for pay periods January 6, 2012 through February 3, 2012. His base rate of bi-weekly pay was calculated and paid at \$1,875 and hourly overtime rate at \$32.45 from pay period starting February 17, 2012 through August 17, 2012. The higher base rate and hourly overtime rate resulted in overpaid wages of \$2,280 (\$982 from January through March and \$1,298 April through August).

On December 27, 2012, Rick Phillips cashed in 100 hours of vacation at \$21.63 hour for a total of \$2,163 to repay a portion of the overpaid wages. In 2013, the US Department of Labor - Wage and Hour Division issued a Summary of Unpaid Wages on May 3, 2013 in favor of Rick Phillips in the amount of \$991 which offset the overpaid wages above. Also Rick Phillips had \$108 withheld from his January 18, 2013 payroll and \$2,477 withheld from his June 25, 2013 payroll. The remaining balance of \$5 was paid in cash on June 25, 2013 per receipt #128-2013.

FINDING NUMBER 2012-009

Material Weakness - Classification of Transactions

All transactions were not posted to the general ledger and to the proper line item accounts. The following items were not posted and/or properly posted during 2012 and 2011:

- Homestead and Rollback was posted to the general fund only, instead of allocating the revenue per the tax settlement sheets to the General, Road & Bridge, and Fire Funds. Therefore, \$59,759 had to be moved from the General fund, of which \$53,777 was for the Fire Fund and \$5,982 was for the Road & Bridge Fund in 2012, and \$65,120 was posted to the General fund of which \$58,601 was for the Fire Fund and \$6,519 was for the Road & Bridge Fund in 2011.
- Tangible personal property tax reimbursement (TPP) was posted as tax revenues in the General, Road and Bridge, and Fire Funds in the amounts of \$7,624, \$7,624, and \$38,119, respectively, for 2012 and \$10,406, \$10,406, and \$52,030, respectively, for 2011 rather than as intergovernmental revenue;
- Mobile Home tax was posted as intergovernmental revenue in the General, Road & Bridge, and Fire Funds in the amount of \$1,331, \$1,331, and \$12,116, respectively, for 2012 and \$1,156, \$1,156, and \$10,564, respectively, for 2011 rather than as tax revenue;
- A Gasoline tax receipt was posted to the General fund in the amount of \$3,552 instead of the Gasoline Tax Fund for 2011;
- Insurance hold monies were posted to the General fund in the amount of \$5,720 instead of the Agency Fund in 2012;
- Repayment of \$561 for employee overpayment withheld from paycheck was not posted to the UAN system;
- Prior year audit adjustment for unapproved advances for \$13,541 from the General Fund to the Gasoline Tax Fund were double booked as a fund balance adjustment and as a reverse advance;
- A \$13,541 transfer from the General Fund to the Gasoline Fund approved by the Board in 2011 was booked as an advance instead of a transfer;
- A \$33,902 transfer from the General Fund to the Road & Bridge Fund approved by the Board in 2011 was booked as a fund balance adjustment instead of a transfer.
- A \$6,093 fund balance adjustment was made in 2012 to return remain monies from a fire vehicle purchase in a capital project fund to the fire fund instead of a transfer.
- Sale of Fire Department SBA's and Pumper of \$31,800 was posted as miscellaneous revenue instead of Sale of Fixed Assets in the Fire Fund for 2012.

All amounts noted above were adjusted to the Township's financial statements and the Township's general ledgers.

The failure to accurately record transactions and classify as the proper line item codes limits the ability of the Board to make informed decisions regarding operations and also results in inaccurate information for users of the Township's financial reports.

The Fiscal Officer should review the UAN Chart of Accounts in the Township Handbook and record transactions according to the account code descriptions. The proper classification of transactions would allow the financial statements to correctly reflect the Township activity.

**PERRY TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Ohio Rev. Code Section 5705.36(A) – appropriations in excess of available resources	Yes	
2010-002	Ohio Rev. Code Section 5705.39 – appropriations exceeded total estimated resources	Yes	
2010-003	Ohio Rev. Code Section 5709.09 – establishment of new fund without authorization	Yes	
2010-004	Ohio Rev. Code Section 5705.14 to 5705.16 – unauthorized transfers/advances	Yes	
2010-005	Ohio Rev. Code Section 5705.10 – negative fund balances	Yes	
2010-006	Payroll Procedures – no written compensation agreements	Yes	
2010-007	Cash Controls – Bank reconciliations not review and approved by Trustees	Yes	
2010-008	Misclassification of payments and receipts	No	See Finding number 2012-009

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Dave Yost • Auditor of State

PERRY TOWNSHIP

ALLEN 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 24, 2013**