



Dave Yost • Auditor of State

PERRY TOWNSHIP
MONROE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Perry Township
Monroe County
38175 SR 800
Sardis, Ohio 43946

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Perry Township, Monroe County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013.

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 Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly 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 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2014 and 2013, 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, Monroe County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2015, 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

August 13, 2015

**PERRY TOWNSHIP
MONROE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$7,905	\$18,782	\$26,687
Intergovernmental	7,581	94,771	102,352
Earnings on Investments	82	22	104
Miscellaneous	2,054	586	2,640
<i>Total Cash Receipts</i>	<u>17,622</u>	<u>114,161</u>	<u>131,783</u>
Cash Disbursements			
Current:			
General Government	11,447	12,063	23,510
Public Safety	3,352	14,390	17,742
Public Works	31,160	103,754	134,914
Capital Outlay	4,608	896	5,504
Debt Service:			
Principal Retirement	0	6,839	6,839
Interest and Fiscal Charges	0	1,086	1,086
<i>Total Cash Disbursements</i>	<u>50,567</u>	<u>139,028</u>	<u>189,595</u>
<i>Excess of Cash Receipts (Under) Cash Disbursements</i>	<u>(32,945)</u>	<u>(24,867)</u>	<u>(57,812)</u>
Other Financing Receipts			
Sale of Capital Assets	0	1,000	1,000
<i>Net Change in Fund Cash Balances</i>	(32,945)	(23,867)	(56,812)
<i>Fund Cash Balances, January 1</i>	<u>90,202</u>	<u>39,558</u>	<u>129,760</u>
Fund Cash Balances, December 31			
Restricted	0	15,691	15,691
Unassigned (Deficit)	57,257	0	57,257
<i>Fund Cash Balances, December 31</i>	<u><u>\$57,257</u></u>	<u><u>\$15,691</u></u>	<u><u>\$72,948</u></u>

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

**PERRY TOWNSHIP
MONROE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$7,058	\$17,702	\$24,760
Intergovernmental	7,629	116,954	124,583
Earnings on Investments	79	23	102
Miscellaneous	78,967	4,184	83,151
<i>Total Cash Receipts</i>	<u>93,733</u>	<u>138,863</u>	<u>232,596</u>
Cash Disbursements			
Current:			
General Government	11,589	10,755	22,344
Public Safety	3,042	14,315	17,357
Public Works	1,000	90,182	91,182
Capital Outlay	13,916		13,916
Debt Service:			
Principal Retirement	0	10,190	10,190
Interest and Fiscal Charges	0	1,617	1,617
<i>Total Cash Disbursements</i>	<u>29,547</u>	<u>127,059</u>	<u>156,606</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>64,186</u>	<u>11,804</u>	<u>75,990</u>
Other Financing Receipts			
Sale of Capital Assets	10,704	0	10,704
<i>Net Change in Fund Cash Balances</i>	74,890	11,804	86,694
<i>Fund Cash Balances, January 1</i>	<u>15,312</u>	<u>27,754</u>	<u>43,066</u>
Fund Cash Balances, December 31			
Restricted	0	39,558	39,558
Unassigned (Deficit)	90,202	0	90,202
<i>Fund Cash Balances, December 31</i>	<u><u>\$90,202</u></u>	<u><u>\$39,558</u></u>	<u><u>\$129,760</u></u>

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

**PERRY TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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, Monroe County, Ohio (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, fire protection and emergency medical services. The Township contracts with the Antioch Volunteer Fire Department to provide fire and emergency services and with the Monroe County Emergency Management Agency to provide an emergency operation plan.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA is a risk-sharing pool available to Ohio Townships for insurance coverage. Note 7 to the financial statements provides additional information for this entity.

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 permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Fund Accounting

The Township uses fund accounting to segregate cash that is 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.

**PERRY TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Fund

This fund accounts for and reports 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 Fund:

Gasoline Tax Fund - This fund receives gasoline tax money for constructing, maintaining, and repairing Township roads.

D. 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. 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 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 reappropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

E. Fund Balance

Fund balance is divided into two 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. 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.

**PERRY TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance (Continued)

2. 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.

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 DEPOSITS

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

	2014	2013
Demand deposits	\$72,948	\$129,760

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013, follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$17,700	\$17,622	(\$78)
Special Revenue	129,185	115,161	(14,024)
Total	\$146,885	\$132,783	(\$14,102)

**PERRY TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$57,056	\$50,567	\$6,489
Special Revenue	158,616	139,028	19,588
Total	\$215,672	\$189,595	\$26,077

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$104,789	\$104,437	(\$352)
Special Revenue	143,949	138,863	(5,086)
Total	\$248,738	\$243,300	(\$5,438)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$91,439	\$29,547	\$61,892
Special Revenue	141,846	127,059	14,787
Total	\$233,285	\$156,606	\$76,679

4. 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.

Public utilities are also taxed on personal and real property located within the Township.

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

5. DEBT

Debt outstanding at December 31, 2014, was as follows:

	Principal	Interest Rate
Massey Ferguson Tractor Loan	\$14,877	6%

**PERRY TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

5. DEBT (Continued)

The Township entered into a promissory note to finance the purchase of a new tractor for Township road maintenance. The loan is collateralized by the tractor.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	<u>Tractor Loan</u>
2015	\$6,640
2016	6,640
2017	<u>2,766</u>
Total	<u><u>\$16,046</u></u>

6. RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, 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, 2014.

7. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**PERRY TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

7. RISK MANAGEMENT (Continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$34,954,286	\$35,970,263
Liabilities	8,486,363	8,912,432
Net Position	\$26,467,923	\$27,057,831

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2014</u>
\$4,018	\$4,376

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. Related Party Transaction

On December 6, 2013, Township Trustees attended an auction held by the Ohio Department of Transportation (ODOT) to purchase equipment for the Township. The Township purchased 4 tractors, 1 air compressor, and 1 mower at the ODOT sale limited to government entities for a total cost of \$13,916. On December 13, 2013, the Township subsequently sold 1 of the tractors to a Township Trustee for \$2,309.50.



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
Monroe County
38175 SR 800
Sardis, Ohio 43946

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, Monroe County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated August 13, 2015, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) 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.

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 2014-001 through 2014-003.

Township's Response to Findings

The Township's response to Findings 2014-001 and 2014-003 identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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

August 13, 2015

**PERRY TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Noncompliance

Ohio Rev. Code § 102.03(D) states no public official or employee shall use or authorize the use of the authority or influence of office or employment to secure anything of value or the promise or offer of anything of value that is of such a character as to manifest a substantial and improper influence upon the public official or employee with respect to that person's duties. Ohio Rev. Code § 102.03(E) states that no public official or employee shall solicit or accept anything of value that is of such a character as to manifest a substantial and improper influence upon the public official or employee with respect to that person's duties.

On December 6, 2013, Township Trustees attended an auction held by the Ohio Department of Transportation (ODOT) to purchase equipment for the Township. Under Ohio Rev. Code § 5513.04, ODOT must offer the equipment for sale first to government entities before putting the equipment in a public auction. The Township purchased 4 tractors, 1 air compressor, and 1 mower at the ODOT sale limited to government entities for a total cost of \$13,916.

On December 13, 2013, the Township subsequently sold 1 of the tractors to Perry Township Trustee Mike Brown for \$2,309.50. As outlined in Finding Number 2014-003, the Township failed to follow the requirements of Ohio Rev. Code § 505.10(A) when selling the tractor. As such, there is no record of the action taken by the Board of Trustees regarding the sale of the tractor. There is no indication that Mike Brown did not participate in the Board of Trustees' decision to sell the tractor to himself.

The Trustee could have benefitted from his position because he was essentially able to purchase equipment up only for private sale to governmental entities. Further, there is no record that he abstained from the Board of Trustees' decision to sell the tractor which he purchased.

This matter will be referred to the Ohio Ethics Commission.

Officials' Response: Official Mike Brown was unaware of the provisions contained within Ohio Revised Code §§102.03(D)-(E) and 505.10(A) when he purchased a tractor from Perry Township at cost. Although the Perry Township meeting minutes do not reflect such, a motion to sell the tractor to Official was in fact made by another trustee, which passed with Official abstaining from the vote. Official was made aware of the provisions of Ohio Revised Code §§102.03(D)-(E) and 505.10(A) at the Post-Audit meeting, held on August 13, 2015, and now understands that he may not take such actions in the future.

FINDING NUMBER 2014-002

Noncompliance

Ohio Rev. Code Chapter 133 allows various methods for subdivisions to incur debt. § 133.22 allows a subdivision to issue anticipatory securities; § 133.10 allows anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision; § 133.15 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct; and § 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

**PERRY TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-002 (Continued)

Noncompliance - Ohio Rev. Code Chapter 133 (Continued)

The Board of Trustees and Fiscal Officer signed a 2008 promissory note with the Citizens National Bank for the purchase of a tractor in the amount of \$46,086. This debt is a loan between a banking institution and the Township, and as such, the note was not within the provisions set forth in Ohio Revised Code Chapter 133. The Ohio Revised Code contains various methods of incurring debt for Townships. Installment loans with banking institutions are not legal methods of debt for Townships.

The Board of Trustees should consult with the Township's legal counsel prior to the Township incurring future debt.

Officials' Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2014-003

Noncompliance

Ohio Rev. Code § 505.10(A) states when the township has property, including motor vehicles, road machinery, equipment, and tools, that the board, by resolution, finds is not needed for public use, is obsolete, or is unfit for the use for which it was acquired, the board may sell and convey that property or otherwise dispose of it in accordance with this section.

Further Ohio Rev. Code § 505.10(A)(1) states if the fair market value of property to be sold is, in the opinion of the board, in excess of two thousand five hundred dollars, the sale shall be by public auction or by sealed bid to the highest bidder.

On November 13, 2013 the Township Trustees passed a resolution to purchase equipment for the township from the Ohio Department of Transportation (ODOT). ODOT held an auction in Marietta, Ohio on December 6, 2013, which was a private sale for government entities. The Township purchased 4 tractors, 1 air compressor, and 1 mower at the sale for a total cost of \$13,916.

On December 13, 2013, the Township subsequently sold 2 of the tractors, air compressor, and mower through private sale to various individuals. One tractor was sold for \$3,700 and 1 for \$2,309.50. The air compressor and mower were sold for a total of \$1,094.87.

The Township Trustees did not pass a resolution stating this equipment was not needed for public use, obsolete, or unfit for the use for which it was acquired so that it could be sold in accordance with Ohio Rev. Code § 505.10(A). Also, 1 of the tractors sold exceeded the fair market value of \$2,500, which would have required it to be sold by public auction or sealed bid to the highest bidder.

When the Township Trustees determine the need to dispose of any machinery, equipment, etc. which is no longer needed for public use they should follow the requirements of Ohio Rev. Code § 505.10.

Officials' Response: See response to Finding No. 2014-001.



Dave Yost • Auditor of State

PERRY TOWNSHIP

MONROE 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
SEPTEMBER 1, 2015**