



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Perry Township  
Montgomery County  
3025 Johnsville-Brookville Road  
Brookville, Ohio 45309

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Perry Township (the Township), on the receipts, disbursements and balances recorded in the Township's cash basis accounting records for the years ended December 31, 2020 and 2019 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Township. The Township is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2020 and 2019 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

### Cash and Investments

1. We recalculated the December 31, 2020 and December 31, 2019 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2019 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2018 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2020 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2019 balances in the Cash Summary by Fund Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2020 and 2019 fund cash balances reported in the Fund Status Report and the financial statements filed by the Township in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2020 certificate of deposit (CD) bank account balance with the Township's financial institution. We noted that the CD bank account balance did not agree to the accounting system, with the bank account balance being higher than the book balance by \$203. We observed the remaining year-end bank balances on the financial institution's website. The remaining balances agreed. We also agreed the remaining confirmed balances to the amounts appearing in the December 31, 2020 bank reconciliation without exception. To properly reconcile, the Township should obtain all balances from the bank when completing reconciliations and verify the proper amounts are entered.

5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2020 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the check register, and determined the debits were dated prior to December 31. There were no exceptions.
6. We traced interbank account transfers occurring in December of 2020 and 2019 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions.
7. We inspected investments held at December 31, 2020 and December 31, 2019 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

#### **Property Taxes and Intergovernmental Receipts**

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Lists (DTL), and the Montgomery County Auditors Tax Settlement Distribution Report for 2020 and a total of five from 2019:
  - a. We compared the amount from the above named reports to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We inspected the Receipt Register Report to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We inspected the Receipt Register Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Receipt Register Report to determine whether it included two real estate tax receipts plus 13 advances for 2020 and 11 advances for 2019. The Receipt Register Report included the proper number of tax receipts for each year.

#### **Garbage and Waste Disposal District Fund**

1. We selected 10 Garbage and Waste Disposal District Fund collection cash receipts from the year ended December 31, 2020 and 10 Garbage and Waste Disposal District Fund collection cash receipts from the year ended 2019 recorded in the Receipt Register Report and determined whether the:
  - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Billing Summary Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Billing Summary Report for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the audit period. We found no exceptions.
  - c. Receipt was posted to the proper fund, and was recorded in the year received. We found no exceptions.
2. We observed the Bill Invoice Unpaid Report.
  - a. This report listed \$22,407 and \$15,510 of accounts receivable as of December 31, 2020 and 2019, respectively.
  - b. The Township did not have a report that totaled all receivables more than 90 days delinquent.

3. We observed the Billing Payment Report.
  - a. This report did not list a total of non-cash receipts adjustments for the years ended December 31, 2020 and 2019, respectively.
  - b. The Board of Trustees did not receive any listing of non-cash adjustments from 2020 or 2019 to approve, other than the report prepared to certify delinquencies to the County Auditor each September. The report prepared to certify delinquencies did not show all non-cash adjustments for 2020 or 2019.

**Debt**

1. From the prior agreed-upon procedures documentation, we observed the following lease was outstanding as of December 31, 2018. This amount agreed to the Township's January 1, 2019 balances on the summary we used in procedure 3.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2018:</b>
2018 Police Cruiser Lease	\$33,606

2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of leases debt activity for 2020 and 2019 and agreed principal and interest payments from the related debt amortization schedule to Police District fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.
4. The Township did not post capital lease proceeds of \$47,840 in 2020 and \$56,099 in 2019 to the accounting system. The Township should establish and implement procedures to verify that all capital lease proceeds receipts and related disbursements are recorded in the accounting system as memo transactions ("other financing source" and capital outlay expenditure).
5. For new leases issued during 2020 and 2019, we inspected the lease documents, which stated the Township must use the proceeds to lease police cruisers. We observed the Township leased a police cruiser in October of 2020, and the Township leased a police cruiser in September 2019.

**Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2020 and one payroll check for five employees from 2019 from the Employee Detail Adjustment Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found one instance where an employee was paid for two hours less than the hours recorded on his timecard. We brought this to management's attention. Because we did not compare all timecards, our report provides no assurance whether or not other similar errors occurred.
  - b. We inspected the fund and account code(s) to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the employees' personnel files and/or minute record. We found no exceptions.
  - c. We confirmed the payment was posted to the proper year. We found no exceptions.

2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2020 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2020. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 16, 2021	December 31, 2020	\$995	\$995
State income taxes	January 16, 2021	December 31, 2020	\$5,794	\$5,794
City of Brookville	January 15, 2021	December 31, 2020	\$103	\$103
City of Englewood	January 15, 2021	December 31, 2020	\$37	\$37
City of Greenville	January 31, 2021	December 31, 2020	\$42	\$42
City of Miamisburg	January 15, 2021	December 31, 2020	\$132	\$132
City of Huber Heights	January 15, 2021	December 31, 2020	\$7	\$7
City of Trotwood	January 15, 2021	December 31, 2020	\$82	\$82
New Lebanon Local School District Tax	January 16, 2021	December 31, 2020	\$19	\$19
OPERS retirement	January 30, 2021	January 20, 2021	\$10,659	\$10,659

3. For the pay periods ended October 31, 2020 and December 31, 2019, we
  - a. Recomputed the allocation of the Fiscal Officer's and Boards' salary amounts to the General, Road and Bridge and Police District Funds per the Employee Detail Adjustment Report.
  - b. Traced the Fiscal Officer's and Boards' pay for time or services performed to supporting certifications the Revised Code requires.
 We found no exceptions.
4. We compared total gross pay for the fiscal officer and each board member for 2020 and 2019 to the compensation permitted by Ohio Revised Code Sections 507.09 and 505.24, respectively. We found a Trustee was over compensated by \$440 in 2020. The Township should seek repayment.
5. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2020 and 2019 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. No such reimbursements occurred.
6. The Township requested we review payroll withholdings. We reviewed five payroll checks and found one employee who did not have any federal tax withholding. We recommend that the fiscal officer obtain training and research the IRS, state, and local websites to verify he/she is withholding correctly.

### **Non-Payroll Cash Disbursements**

1. We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2020 and 10 from the year ended 2019 and determined whether:
  - a. The disbursements were for a proper public purpose. We found three instances where sales taxes (total of \$52.53) were paid for a disbursement, which is not a proper public purpose. *State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)* provides that expenditures made by a governmental unit should serve a public purpose. Because we did not inspect all disbursements, our report provides no assurance whether or not additional similar errors occurred.
  - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found one instance where a disbursement for flags (\$10.78) for the cemetery were improperly paid out of the Gasoline Tax Fund. Because we did not inspect all disbursements, our report provides no assurance whether or not additional similar errors occurred.
  - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

### **Compliance – Budgetary**

1. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code Section 5705.38 and 5705.40) plus any carryover appropriations for the year ended December 31, 2020 for the General, Drug Law Enforcement, and Enforcement and Education fund, and for the year ended December 31, 2019 for the General, Police District and Light District Assessment fund. There were no funds for which expenditures exceeded appropriations.
2. We inspected the Cash Summary by Fund Report for the years ended December 31, 2020 and 2019 for negative cash fund balances. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. No funds had a negative cash fund balances.

### **Sunshine Law Compliance**

1. We obtained and inspected the Township's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We selected five public records requests from the engagement period and inspected each request to determine the following:
  - a. The Township was compliant and responded to the request in accordance with their adopted policy as required by Ohio Rev. Code § 149.43(B)(1). We found no exceptions.
  - b. The Township did not have any denied public records requests during the engagement period.
  - c. The Township did not have any public records requests with redactions during the engagement period.

3. We inquired whether the Township had a records retention schedule, and observed that it was readily available to the public as required by Ohio Rev. Code § 149.43(B)(2). We found no exceptions.
4. We inquired if the Township possessed written evidence that its public records policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). No such written evidence existed. Failure by the Township to have the records custodian acknowledge receipt of its public records policy could lead to a lack of understanding of the Township's public records policy. The Township should establish and implement procedures to ensure that an acknowledgement form is obtained from the records custodian of the Township as evidence that the public records policy was received.
5. We inquired with Township management and determined that the Township did have a public records policy during the engagement period, but it was not included in the policy manual as required by Ohio Rev. Code § 149.43(E)(2). Failure by the Township to include the public records policy in its policy manual could lead to a lack of understanding by employees of the Township's public records policy. The Township should implement procedures to verify that its public records policy is included in the policy manual.
6. We observed that the Township's poster describing their Public Records Policy was displayed conspicuously in all branches of the Township as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We inquired with Township management and determined that the Township did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inspected individual training certificates and determined whether each elected official in accordance with Ohio Rev. Code § 149.43(E)(1) (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 109.43(B). We found no exceptions.
9. We inspected the public notices for the public meetings held during the engagement period and determined the Township notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
  - a. Prepared – a file is created following the date of the meeting
  - b. Filed – placed with similar documents in an organized manner
  - c. Maintained - retained, at a minimum, for the engagement period
  - d. Open to public inspection – available for public viewing or request.We found no exceptions.
11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
  - a. Executive sessions were only held at regular or special meetings.
  - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code Section 121.22(G).
  - c. Formal governing board actions were adopted in open meetings.We found no exceptions.



## Other Compliance

1. Ohio Rev. Code Section 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the years ended December 31, 2020 and 2019 in the Hinkle system. There were no exceptions.
2. We inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Section 507.12. The Fiscal Officer obtained the required training.
3. For all credit card accounts we obtained:
  - copies of existing internal control policies,
  - a list(s) of authorized users, and
  - a list of all credit card account transactions.
  - a. We inspected the established policy(ies) obtained above and determined it is:
    - i. in compliance with the HB 312 statutory requirements, and
    - ii. implemented by the entity.

We found that the policy, approved by the Trustees in April 2018 and implemented by the Township, is not in compliance with HB 312 statutory requirements. The Township should review its current policy and approve changes to be in compliance with all applicable statutory requirements.
  - b. We selected 1 credit card transaction from each credit card account for testing. For selected transactions we inspected documentation to determine that:
    - i. Use was by an authorized user within the guidelines established in the policy, and
    - ii. Each transaction was supported with original invoices and for a proper public purpose.

We found no exceptions.
  - c. We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
    - i. No unpaid beginning balance was carried forward to the current billing cycle,
    - ii. Ending statement balance was paid in full, and
    - iii. Statement contained no interest or late fees.

We found no exceptions.

Attestation standards established by the American Institute of Certified Public Accountants require that we request a written statement from the Township stating that cash receipts and disbursements to which we applied procedures has been accurately measured or evaluated. We requested that the Township provide such a statement but the trustees and/or fiscal officer refused to do so due to the ongoing investigation noted below.

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

This report is to provide assistance in the evaluation of the Township's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2020 and 2019, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

The Auditor of State is conducting an investigation. As of the date of this report, the investigation is ongoing. Dependent on the results of the investigation, results may be reported on a later date.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 7, 2021

# OHIO AUDITOR OF STATE KEITH FABER



**PERRY TOWNSHIP**

**MONTGOMERY COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 7/6/2021**

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[www.ohioauditor.gov](http://www.ohioauditor.gov)