



Dave Yost • Auditor of State



**PERRY TOWNSHIP  
COSHOCTON COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013 .....	3
Statement of Change in Fund Balance (Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2013 .....	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012 .....	5
Statement of Change in Fund Cash Balance (Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2012 .....	6
Notes to the Financial Statements .....	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings .....	17
Schedule of Prior Audit Findings .....	21

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Perry Township  
Coshocton County  
23821 TR 371  
Walhonding, Ohio 43843

To the Township Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Perry Township, Coshocton County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012.

### ***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 Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D), 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 1 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, 2013 and 2012, 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, Coshocton County, Ohio as of December 31, 2013 and 2012, 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 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 July 24, 2014, 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

July 24, 2014

**PERRY TOWNSHIP  
COSHOCTON 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)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$36,582		\$36,582
Intergovernmental	14,732	\$96,352	111,084
Earnings on Investments	33	74	107
Miscellaneous	1,180	348	1,528
<i>Total Cash Receipts</i>	<u>52,527</u>	<u>96,774</u>	<u>149,301</u>
<b>Cash Disbursements</b>			
Current:			
General Government	29,150	2,749	31,899
Public Works	21,879	84,216	106,095
Health	2,637		2,637
Debt Service:			
Principal Retirement		7,980	7,980
Interest and Fiscal Charges		896	896
<i>Total Cash Disbursements</i>	<u>53,666</u>	<u>95,841</u>	<u>149,507</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,139)</u>	<u>933</u>	<u>(206)</u>
<i>Fund Cash Balances, January 1</i>	<u>19,944</u>	<u>42,193</u>	<u>62,137</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		43,126	43,126
Assigned	18,805		18,805
<i>Fund Cash Balances, December 31</i>	<u>\$18,805</u>	<u>\$43,126</u>	<u>\$61,931</u>

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

PERRY TOWNSHIP  
COSHOCOTON COUNTY

STATEMENT OF CHANGE IN  
FUND BALANCE (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
<i>Fund Cash Balance, January 1</i>	<u>\$11,049</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$11,049</u></u>

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

**PERRY TOWNSHIP  
COSHOCOTON COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$34,697		\$34,697
Intergovernmental	18,661	\$95,908	114,569
Earnings on Investments	43	86	129
Miscellaneous	244	4,188	4,432
<i>Total Cash Receipts</i>	53,645	100,182	153,827
<b>Cash Disbursements</b>			
Current:			
General Government	29,148	2,749	31,897
Public Works	20,039	87,266	107,305
Health	2,307		2,307
Capital Outlay		39,900	39,900
Debt Service:			
Principal Retirement		3,990	3,990
Interest and Fiscal Charges		399	399
<i>Total Cash Disbursements</i>	51,494	134,304	185,798
<i>Excess of Receipts Over (Under) Disbursements</i>	2,151	(34,122)	(31,971)
<b>Other Financing Receipts (Disbursements)</b>			
Other Debt Proceeds		39,900	39,900
Refund of a Prior Year Receipt	(4,476)		(4,476)
<i>Total Other Financing Receipts (Disbursements)</i>	(4,476)	39,900	35,424
<i>Net Change in Fund Cash Balances</i>	(2,325)	5,778	3,453
<i>Fund Cash Balances, January 1</i>	22,269	36,415	58,684
<b>Fund Cash Balances, December 31</b>			
Restricted		42,193	42,193
Assigned	19,944		19,944
<i>Fund Cash Balances, December 31</i>	\$19,944	\$42,193	\$62,137

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

PERRY TOWNSHIP  
COSHOCOTON COUNTY

STATEMENT OF CHANGE IN  
FUND BALANCE (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
<i>Fund Cash Balance, January 1</i>	<u>\$11,049</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$11,049</u></u>

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

**PERRY TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**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 Clark Township, Coshocton 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 and cemetery maintenance.

The Township participates in a jointly governed organization and a public entity risk pool. Notes 7 and 8 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pool:

The Township belongs to the Ohio Plan Risk Management Plan (OPRM), a risk-sharing pool available to Ohio governments. OPRM provides a formalized, jointly administered self-insurance risk management program and other administrative services to its members.

Joint Venture:

Walhonding Valley Fire District (District)

The District is a body corporate and politic formed by the Township and several other political subdivisions under Ohio Revised Code Section 505.371 to provide fire protection 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**

All cash is maintained in an interest-bearing checking account.

**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:

**PERRY TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**1. General Fund**

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

**2. Special Revenue Fund**

This fund accounts 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 Fund:

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

**3. Fiduciary Fund**

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. The Township has no private purpose trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organization or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for unclaimed funds of the Township.

**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. 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.

**PERRY TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Budgetary Process (Continued)**

**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. The Township did not encumber all commitments required by Ohio law.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**F. 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.

**2. 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.

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  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**2. 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:

	2013	2012
Demand deposits	\$72,980	\$73,186

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,240	\$52,527	\$7,287
Special Revenue	109,893	96,774	(13,119)
Total	\$155,133	\$149,301	(\$5,832)

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$65,184	\$53,666	\$11,518
Special Revenue	152,085	95,841	56,244
Total	\$217,269	\$149,507	\$67,762

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$44,677	\$53,645	\$8,968
Special Revenue	109,332	140,082	30,750
Total	\$154,009	\$193,727	\$39,718

**PERRY TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. Budgetary Activity (Continued)**

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$66,945	\$55,970	\$10,975
Special Revenue	145,747	134,304	11,443
Total	\$212,692	\$190,274	\$22,418

Contrary to Ohio Rev. Code § 5705.41 (D), of the expenditures tested, none were certified by the Fiscal Officer prior to incurring the obligation.

Contrary to Ohio Rev. Code § 5705.14 (D), the Township made an improper transfer from the Agency – Unclaimed Monies Fund to the Gasoline Tax Fund.

**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.

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, 2013 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$27,930	2.65%

The Township issued general obligation notes to finance the purchase of a backhoe for Township road maintenance. The Township's gasoline tax revenues collateralized the notes.

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

**PERRY TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**5. Debt (Continued)**

	Ohio Heritage Promissory Notes
Year ending December 31:	
2014	\$8,665
2015	8,456
2016	8,245
2017	4,056
Total	\$29,422

**6. Retirement Systems**

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 include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

**7. Risk Management**

**Risk Pool Membership**

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

**PERRY TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**7. Risk Management (Continued)**

**Risk Pool Membership (Continued)**

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. Jointly Governed Organizations**

Walhonding Valley Fire District (the District)

The District provides fire protection services for the Township. The District is directed by an appointed eleven-member Board of Trustees. One board member is appointed by each political subdivision within the District with one member at large appointed from one of the political subdivisions. Those subdivisions are Bedford Township, Bethlehem Township, Clark Township, Jefferson Township, Monroe Township, Newcastle Township, Perry Township, Tiverton Township, Village of Nellie and Village of Warsaw. The District provides fire protection services to citizens within those areas. During 2013 and 2012, the Township paid no monies to the District.

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# 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  
Coshocton County  
23821 TR 371  
Walhonding, Ohio 43843

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, Coshocton County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated July 24, 2014, wherein we noted the Township followed financial reporting provisions 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 opinions 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 certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 findings 2013-001 and 2013-002 described in the accompanying Schedule of Findings to be material weaknesses.

***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 2013-002 and 2013-003.

***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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

July 24, 2014

**PERRY TOWNSHIP  
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

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

**Finding Number 2013-001**

**Financial Reporting – Material Weakness**

Errors noted in the Township's financial statements that required audit adjustments or reclassifications are as follows:

- During 2013 and 2012, the Township incorrectly recorded estate taxes as property taxes rather than as intergovernmental receipts totaling \$4,100 and \$6,339, respectively;
- During 2012, the Township obtained a bank loan for a backhoe totaling \$39,900. The bank loan proceeds nor the subsequent capital outlay expenditure were recorded on the Township's books;
- During 2013 and 2012, the Township incorrectly recorded the bank loan principal and interest payments totaling \$8,876 and \$4,389, respectively, as public works expenditures rather than as debt principal and interest expenditures;
- During 2012, the Township repaid a refund to the Coshocton County Auditor for estate taxes received in 2011 totaling \$4,476. The payment was incorrectly recorded as a public works expenditure rather than as a refund of prior year receipt;
- During 2013, the Township improperly transferred a cash balance totaling \$11,049 from an Agency - Unclaimed Monies Fund to the Gasoline Tax Fund without the approval from the Court of Common Pleas; and
- During 2013 and 2012, the Township reported the General Fund balance equity totaling \$18,805 and \$19,944, respectively, as Unassigned rather than as Assigned because the Township appropriated the fund balance along with all estimated revenues in the subsequent fiscal year.

As a result, the Township's financial statements were not accurately nor materially stated.

Sound financial reporting is the responsibility of the Township's Fiscal Officer and is essential to help ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the Township's financial statements are complete and accurate, the Township should adopt policies and procedures to identify and correct errors and omissions in reporting. The Township should also refer to the Township accounting manual for additional guidance in recording receipts and expenditures in the accounting system. The Township should ensure that all on behalf monies are posted to the Township records.

The Township's financial statements and ledgers have been adjusted accordingly.

**Official's Response:** The client has elected not to respond.

**PERRY TOWNSHIP  
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012 (continued)**

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

**Finding Number 2013-002**

**Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.14(D)** states that the unexpended balance in any special fund, other than an improvement fund, may be transferred to the general fund or to the sinking fund or bond retirement fund after the termination of the activity, service, or other undertaking for which such special fund existed, but only after the payment of all obligations incurred and payable from such special fund.

During 2013, the Township improperly transferred \$11,049 from the Agency - Unclaimed Monies Fund to the Special Revenue - Gasoline Tax Fund rather than the General Fund. As a result, the transfer was not permitted and should have been transferred to the General Fund.

The Township should review the Ohio Revised Code prior to making transfers to help ensure transfers are legal. This will help minimize the risk of significantly misstating the financial statements. The financial statements and ledgers have been adjusted accordingly.

**Official's Response:** The client has elected not to respond.

**Finding Number 2013-003**

**Noncompliance**

**Ohio Rev. Code § 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the Fiscal Officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's Fiscal Officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the Fiscal Officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the Fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

**PERRY TOWNSHIP  
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012 (Continued)**

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

**Finding Number 2013-003 (Continued)**

**Ohio Rev. Code § 5705.41(D) Noncompliance (Continued)**

2. Blanket Certificate – Fiscal Officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During 2013 and 2012, all expenditures tested were not certified by the Fiscal officer prior to incurring the obligation. Also, one 2013 and two 2012 blanket certificates tested exceeded the \$25,000 limit established by Township resolution for blanket certificates. None of the blanket purchase orders tested were signed by the Fiscal Officer or posted as an encumbrance on the Township's Appropriation Ledger. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**Official's Response:** The client has elected not to respond.

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**PERRY TOWNSHIP  
COSHOCTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-001	Ohio Rev. Code § 5705.36(A) – Appropriations exceeded total estimated resources.	Yes	Yes
2011-002	Financial Reporting – numerous reclassifications	No	Not corrected. See Schedule of Finding 2013-001.

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# Dave Yost • Auditor of State

**PERRY TOWNSHIP**

**COSHOCTON 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  
AUGUST 5, 2014**