



**PERRY TOWNSHIP  
MONROE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees  
Perry Township  
Monroe County  
38608 State Route 800  
Sardis, Ohio 43946

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Monroe County, Ohio, (the Township) as of and for the years ended December 31, 1998 and December 31, 1997. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Perry Township, Monroe County, as of December 31, 1998 and December 31, 1997, and its combined cash receipts and cash disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 1999, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the management, Board of Trustees, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

December 8, 1999



**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types			Totals
	General	Special Revenue	Debt Service	(Memorandum Only)
<b>Cash Receipts:</b>				
Local Taxes	\$3,871	\$9,291	\$0	\$13,162
Licenses, Permits and Fees	93	0	0	93
Intergovernmental	13,900	100,765	8,098	122,763
Interest	776	293	0	1,069
All Other Revenue	1,880	19,255	0	21,135
<b>Total Cash Receipts</b>	<b>20,520</b>	<b>129,604</b>	<b>8,098</b>	<b>158,222</b>
<b>Cash Disbursements:</b>				
General Government	16,485	0	0	16,485
Public Safety	500	7,092	0	7,592
Public Works	0	87,414	0	87,414
Capital Outlay	0	7,317	0	7,317
<b>Debt Service:</b>				
Debt Service - Note Principal Payment	0	0	5,594	5,594
Debt Service - Interest and Fiscal Charges	0	0	1,030	1,030
<b>Total Cash Disbursements</b>	<b>16,985</b>	<b>101,823</b>	<b>6,624</b>	<b>125,432</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>3,535</b>	<b>27,781</b>	<b>1,474</b>	<b>32,790</b>
<b>Other Financing Sources/(Uses):</b>				
Proceeds From Sale of Public Debt				
Sale of Notes	0	5,500	0	5,500
Sale of Fixed Assets	0	2,500	0	2,500
<b>Total Other Financing Sources/(Uses)</b>	<b>0</b>	<b>8,000</b>	<b>0</b>	<b>8,000</b>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses				
	3,535	35,781	1,474	40,790
Fund Cash Balances January 1	3,012	11,323	24	14,359
<b>Fund Cash Balances, December 31</b>	<b>\$6,547</b>	<b>\$47,104</b>	<b>\$1,498</b>	<b>\$55,149</b>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1997**

	Governmental Fund Types			Totals
	General	Special Revenue	Debt Service	(Memorandum Only)
<b>Cash Receipts:</b>				
Local Taxes	\$3,884	\$8,687	\$0	\$12,571
Licenses, Permits and Fees	95	0	0	95
Intergovernmental	16,295	115,289	3,360	134,944
Interest	550	551	0	1,101
All Other Revenue	767	1,120	0	1,887
<b>Total Cash Receipts</b>	<b>21,591</b>	<b>125,647</b>	<b>3,360</b>	<b>150,598</b>
<b>Cash Disbursements:</b>				
General Government	20,436	0	0	20,436
Public Safety	500	6,995	0	7,495
Public Works	0	119,545	0	119,545
Capital Outlay	0	16,757	0	16,757
Debt Service:				
Debt Service - Note Principal Payment	0	6,533	2,648	9,181
Debt Service - Interest and Fiscal Charges	0	0	754	754
<b>Total Cash Disbursements</b>	<b>20,936</b>	<b>149,830</b>	<b>3,402</b>	<b>174,168</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>655</b>	<b>(24,183)</b>	<b>(42)</b>	<b>(23,570)</b>
<b>Other Financing Sources/(Uses):</b>				
Proceeds From Sale of Public Debt				
Sale of Notes	0	18,500	0	18,500
Transfers-In	0	5,088	0	5,088
Transfers-Out	0	(5,088)	0	(5,088)
<b>Total Other Financing Sources/(Uses)</b>	<b>0</b>	<b>18,500</b>	<b>0</b>	<b>18,500</b>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	655	(5,683)	(42)	(5,070)
Fund Cash Balances January 1	2,357	17,006	66	19,429
<b>Fund Cash Balances, December 31</b>	<b>\$3,012</b>	<b>\$11,323</b>	<b>\$24</b>	<b>\$14,359</b>

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



**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1998 - 1997**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Perry Township, Guernsey County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including maintenance of roads. The Township contracts with the Village of Antioch Volunteer Fire Department for fire protection.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash and Investments**

The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. 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:

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**Special Revenue Funds**

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

Motor Vehicle License Tax- This fund receives motor vehicle license tax money to construct, maintain and repair Township roads.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 - 1997**  
**(Continued)**

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

**D. Fund Accounting (Continued)**

Gasoline Tax Fund- This fund receives gasoline tax money to construct, maintain and repair Township roads.

FEMA Fund- This fund receives money from the Federal Emergency Management Agency to provide flood relief to the Township.

**Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of notes/loans. The Township uses a Note Retirement Fund to accumulate gasoline taxes for the debt payments on a tractor and pole building.

**E. Budgetary Process**

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

**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.

**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.

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when 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 1998 and 1997 budgetary activity appears in Note 3.

**E. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 - 1997**  
**(Continued)**

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

The Township maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. At December 31, the Township held the following:

	<u>1998</u>	<u>1997</u>
Demand Deposits	\$24,455	\$ 4,964
STAROhio	<u>30,694</u>	<u>9,395</u>
Total	<u>\$55,149</u>	<u>\$14,359</u>

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation and by pledged collateral held by a third party in the name of the Township.

**Investments**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1998 and December 31, 1997, was as follows:

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$17,380	\$20,520	\$3,140
Special Revenue	138,224	137,604	(620)
Debt Service	<u>3,500</u>	<u>8,098</u>	<u>4,598</u>
Total	<u>\$159,104</u>	<u>\$166,222</u>	<u>\$7,118</u>

1998 Budgeted vs. Actual Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$19,875	\$16,985	\$2,890
Special Revenue	145,240	101,823	43,417
Debt Service	<u>8,724</u>	<u>6,624</u>	<u>2,100</u>
Total	<u>\$173,839</u>	<u>\$125,432</u>	<u>\$48,407</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 - 1997**  
**(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1997 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$19,959	\$21,591	\$1,632
Special Revenue	132,685	149,235	16,550
Debt Service	<u>5,533</u>	<u>3,360</u>	<u>(2,173)</u>
Total	<u>\$158,177</u>	<u>\$174,186</u>	<u>(\$16,009)</u>

1997 Budgeted vs. Actual Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$22,316	\$20,936	\$1,380
Special Revenue	149,744	154,918	(5,174)
Trust Fund	<u>5,600</u>	<u>3,402</u>	<u>2,198</u>
Total	<u>\$177,660</u>	<u>\$179,256</u>	<u>(\$1,596)</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

**5. DEBT OBLIGATIONS**

Debt outstanding at December 31, 1998 was as follows:

General Obligation Loans

Principal	\$12,904
Interest Rate	6.1%
Principal	\$ 4,492
Interest Rate	4.85%

The General Obligation Loans were for a Ford tractor that the Township purchased in 1998 and for a Pole Building that the Township erected in 1997. The original loans were for \$5,500 and \$14,800 respectively. The Ford tractor and the pole building were pledged as collateral.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 - 1997**  
**(Continued)**

**5. DEBT OBLIGATIONS (Continued)**

Amortization of the above debt, including interest of \$3,484, is scheduled as follows:

Year Ending <u>December 31:</u>	
1999	\$4,122
2000	4,122
2001	2,970
2002	2,148
2003	2,148
Subsequent	<u>5,370</u>
Total	<u>\$20,880</u>

**6. RETIREMENT SYSTEM**

The Township's employees, as well as the Trustees and Clerk, belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1998 and 1997, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1998.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

**8. 2000 ISSUE**

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Township's operations as early as fiscal year 1999.

The Township leases the Auditor of State's Uniform Accounting Network (UAN) system for its financial operations. The Auditor of State is responsible for remediating these systems and is solely responsible for any costs associated with this project. The Auditor of State released a validated and tested version of UAN in 1999. The Township must install the updated release prior to the end of 1999 to help assure the continued proper processing of UAN transactions.

Tax collection for the Township is handled by Monroe County. The County is responsible for remediating this system, and is solely responsible for any costs associated with this project.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Township is or will be Year 2000 ready, that the Township's remediation efforts will be successful in whole or in part, or that parties with whom the Township does business will be Year 2000 ready.

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## REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Trustees  
Perry Township  
Monroe County  
38608 State Route 800  
Sardis, Ohio 43946

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Monroe County, Ohio (the Township) as of and for the years ended December 31, 1998 and December 31, 1997, and have issued our report thereon dated December 8, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1998-41056-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated December 8, 1999.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated December 8, 1999.

This report is intended for the information and use of the management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end of the last name.

**Jim Petro**  
Auditor of State

December 8, 1999



**SCHEDULE OF FINDINGS  
DECEMBER 31, 1998 AND 1997**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1998-41056-001**

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

The Gasoline Tax Fund was found to have expenditures which exceeded appropriations in 1997. This was a result of not recording expenditures of debt proceeds used for materials purchased for the pole building. These financial statements have been adjusted to reflect the receipt and disbursement of the debt proceeds.

We recommend the Township officials record all activity and review the appropriation balances before issuing purchase order and prior certification.





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

**JIM PETRO, AUDITOR OF STATE**

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**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**  
**JANUARY 18, 2000**