



**PERRY TOWNSHIP
HOCKING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PERRY TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Perry Township
Hocking County
20535 State Route 180
Laurelville, Ohio 43135

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Hocking County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 discussed 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, Hocking County, Ohio, as of December 31, 1999 and 1998, and its combined cash receipts and 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 May 1, 2000, 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 management, the Board of Trustees and other officials authorized to receive this report under § 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

May 1, 2000

**PERRY TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES AND FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$20,208	\$77,624		\$97,832
Intergovernmental	31,829	77,588		109,417
Earnings on Investments	1,615	644	\$386	2,645
Other Revenue	666			666
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	54,318	155,856	386	210,560
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
General Government	29,186			29,186
Public Safety		20,500		20,500
Public Works	794	109,716		110,510
Health	1,575			1,575
Capital Outlay	820	835		1,655
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	32,375	131,051		163,426
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	21,943	24,805	386	47,134
	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Receipts/(Disbursements):				
Other Sources	2,116			2,116
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	2,116			2,116
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	24,059	24,805	386	49,250
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	7,910	46,728	7,799	62,437
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$31,969	\$71,533	\$8,185	\$111,687
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

PERRY TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$18,494	\$73,345			\$91,839
Intergovernmental	23,021	73,126			96,147
Earnings on Investments	1,501	566		\$260	2,327
Other Revenue	9,591	2,493		5,000	17,084
Total Cash Receipts	<u>52,607</u>	<u>149,530</u>		<u>5,260</u>	<u>207,397</u>
Cash Disbursements:					
General Government	59,629				59,629
Public Safety		20,548			20,548
Public Works	798	111,430			112,228
Health	1,925				1,925
Debt Service:					
Redemption of Principal			\$6,525		6,525
Interest and Fiscal Charges			359		359
Capital Outlay	140	5,789			5,929
Total Cash Disbursements	<u>62,492</u>	<u>137,767</u>	<u>6,884</u>		<u>207,143</u>
Total Receipts Over/(Under) Disbursements	<u>(9,885)</u>	<u>11,763</u>	<u>(6,884)</u>	<u>5,260</u>	<u>254</u>
Other Financing Receipts/(Disbursements):					
Sale of Fixed Assets	2,004				2,004
Transfers-In			6,855		6,855
Transfers-Out	(6,855)				(6,855)
Other Sources	5,837				5,837
Other Uses		(2,493)			(2,493)
Total Other Financing Receipts/(Disbursements)	<u>986</u>	<u>(2,493)</u>	<u>6,855</u>		<u>5,348</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(8,899)</u>	<u>9,270</u>	<u>(29)</u>	<u>5,260</u>	<u>5,602</u>
Fund Cash Balances, January 1	<u>16,809</u>	<u>37,458</u>	<u>29</u>	<u>2,539</u>	<u>56,835</u>
Fund Cash Balances, December 31	<u>\$7,910</u>	<u>\$46,728</u>	<u>\$0</u>	<u>\$7,799</u>	<u>\$62,437</u>

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

**PERRY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Perry Township, Hocking County, 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 road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with the Village of Laurelville to provide fire services.

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 paid rather than when a liability is incurred.

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

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. 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 Fund - This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads.

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

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

PERRY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire Levy Fund - This fund receives property tax money to provide fire protection through contracts with other governmental entities.

Road Levy Fund - This fund receives property tax money for maintaining and repairing Township roads.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Bond (Note) Retirement - This fund received money from the General Fund to make note principal and interest payments during 1998.

4. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Township is acting in an agency capacity are classified as agency funds. The Township had the following significant Fiduciary Funds:

Expendable Trust Fund

Ralph F. Deffenbaugh Cemetery Bequest Fund - This fund invests money received into a certificate of deposit and utilizes the interest to maintain and upkeep McClelland Cemetery.

Nonexpendable Trust Fund

Cemetery Bequest Fund - This fund receives money from interest on a certificate of deposit to maintain and upkeep McClelland Cemetery.

The Nonexpendable Trust Fund activity is combined with the Expendable Trust Fund activity in the Fiduciary Fund Type on the Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances.

**PERRY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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.

The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. 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.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$104,453	\$55,203
Certificates of deposit	7,234	7,234
	\$111,687	\$62,437
Total deposits	\$111,687	\$62,437

PERRY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$42,360	\$56,434	\$14,074
Special Revenue	140,800	155,856	15,056
Fiduciary	370	386	16
Total	\$183,530	\$212,676	\$29,146

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$50,270	\$32,375	\$17,895
Special Revenue	187,525	131,051	56,474
Fiduciary	815	0	815
Total	\$238,610	\$163,426	\$75,184

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$68,546	\$60,448	(\$8,098)
Special Revenue	138,000	149,530	11,530
Debt Service	6,884	6,855	(29)
Fiduciary	5,240	5,260	20
Total	\$218,670	\$222,093	\$3,423

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$85,355	\$69,347	\$16,008
Special Revenue	175,455	140,260	35,195
Debt Service	6,884	6,884	0
Fiduciary	5,425	0	5,425
Total	\$273,119	\$216,491	\$56,628

PERRY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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.

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

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. RETIREMENT SYSTEMS

All employees and officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. PERS provides retirement benefits, including post-retirement healthcare, 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 1999 and 1998, PERS members 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, 1999.

6. RISK MANAGEMENT

The Township is insured with Ohio Township Association Risk Management Authority (OTARMA). OTARMA assumes the risk of loss up to the limits of the Township's policies. Coverage is subject to deductibles and scheduled property. The following risks are covered by OTARMA:

- General liability and casualty
- Public Official's liability
- Vehicle
- Property

The Township also provides health insurance coverage to full-time employees through a private carrier.

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

Perry Township
Hocking County
20535 State Route 180
Laurelville, Ohio 43135

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Hocking County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 1, 2000. 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 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated May 1, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 May 1, 2000.

This report is intended for the information and use of 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.

Jim Petro
Auditor of State

May 1, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43216-1140

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800-282-0370

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PERRY TOWNSHIP

HOCKING 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
MAY 30, 2000**