



**PERRY TOWNSHIP
ASHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PERRY TOWNSHIP
ASHLAND COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Perry Township
Ashland County
253 U.S. 250 East
Jeromesville, Ohio 44840

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Ashland County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, as listed in the Table of Contents. 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 audits.

We conducted our audits 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 audits 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 audits provide 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 and reserves for encumbrances of the Township as of December 31, 2000 and 1999, 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 April 16, 2001 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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.

Jim Petro
Auditor of State

April 16, 2001

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**PERRY TOWNSHIP
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$18,735	\$56,394	\$1,500	\$76,629
Intergovernmental	31,114	72,501		103,615
Licenses, Permits, and Fees	1,450	1,150		2,600
Earnings on Investments	639	804		1,443
Other Revenue	476			476
Total Cash Receipts	<u>52,414</u>	<u>130,849</u>	<u>1,500</u>	<u>184,763</u>
Cash Disbursements:				
Current:				
General Government	53,797			53,797
Public Works	3,098	122,640		125,738
Health	1,330	1,866		3,196
Capital Outlay	3,569	30		3,599
Total Cash Disbursements	<u>61,794</u>	<u>124,536</u>		<u>186,330</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(9,380)</u>	<u>6,313</u>	<u>1,500</u>	<u>(1,567)</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	100			100
Transfers-In		2,000		2,000
Transfers-Out	(2,000)			(2,000)
Total Other Financing Receipts/(Disbursements)	<u>(1,900)</u>	<u>2,000</u>		<u>100</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(11,280)</u>	<u>8,313</u>	<u>1,500</u>	<u>(1,467)</u>
Fund Cash Balances, January 1	<u>28,798</u>	<u>51,607</u>	<u>1,500</u>	<u>81,905</u>
Fund Cash Balances, December 31	<u>\$17,518</u>	<u>\$59,920</u>	<u>\$3,000</u>	<u>\$80,438</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**PERRY TOWNSHIP
ASHLAND COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$15,362	\$51,712	\$1,500	\$68,574
Intergovernmental	72,294	72,278		144,572
Licenses, Permits, and Fees	2,925	1,500		4,425
Earnings on Investments	920	330		1,250
Other Revenue	2,466			2,466
	<u>93,967</u>	<u>125,820</u>	<u>1,500</u>	<u>221,287</u>
Cash Disbursements:				
Current:				
General Government	49,421			49,421
Public Works	2,851	122,230		125,081
Health	1,260	3,164		4,424
Redemption of Principal	5,000		15,000	20,000
Interest and Fiscal Charges	445		317	762
Capital Outlay	1,896			1,896
	<u>60,873</u>	<u>125,394</u>	<u>15,317</u>	<u>201,584</u>
Total Cash Disbursements				
	<u>60,873</u>	<u>125,394</u>	<u>15,317</u>	<u>201,584</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>33,094</u>	<u>426</u>	<u>(13,817)</u>	<u>19,703</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		6,085	15,317	21,402
Advances-In	6,500	6,500		13,000
Transfers-Out	(16,083)	(5,319)		(21,402)
Advances-Out	(6,500)	(6,500)		(13,000)
	<u>(16,083)</u>	<u>766</u>	<u>15,317</u>	<u></u>
Total Other Financing Receipts/(Disbursements)				
	<u>(16,083)</u>	<u>766</u>	<u>15,317</u>	<u></u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	17,011	1,192	1,500	19,703
Fund Cash Balances, January 1	11,787	50,415		62,202
	<u>11,787</u>	<u>50,415</u>		<u>62,202</u>
Fund Cash Balances, December 31	<u>\$28,798</u>	<u>\$51,607</u>	<u>\$1,500</u>	<u>\$81,905</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

PERRY TOWNSHIP
ASHLAND COUNTY

STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NON-EXPENDABLE TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Non-Operating Cash Receipts:		
Earnings on Investments	\$4	\$3
Non-Operating Cash Disbursements	<u>0</u>	<u>0</u>
Excess of Cash Receipts Over Cash Disbursements	4	3
Fund Cash Balance, January 1	<u>157</u>	<u>154</u>
Fund Cash Balance, December 31	<u><u>\$161</u></u>	<u><u>\$157</u></u>

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

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**PERRY TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Perry Township, Ashland County, Ohio, (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 road, bridge and cemetery maintenance.

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 cash 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. 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

Certificates of deposit are valued at cost.

Investments are included in the fund cash balances. 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 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.

**PERRY TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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:

Road and Bridge Fund - This fund receives property taxes and intergovernmental receipts for constructing, maintaining and repairing Township roads and bridges.

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

3. Debt Service Fund

This Fund is used to accumulate resources for the payment of note indebtedness. The Township had the following Debt Service Fund:

Debt Retirement Fund - This fund receives property tax monies which are used to pay any debt incurred by the Township.

4. Fiduciary Funds (Trust Funds)

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 non-expendable trust fund. Other trust funds are classified as expendable. The Township had the following non-expendable trust fund:

Cemetery Bequest Fund - This fund receives interest from a savings account which is used to maintain the cemetery grounds.

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.

**PERRY TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 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 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$73,966	\$75,755
Certificate of deposit	<u>6,633</u>	<u>6,307</u>
Total deposits	<u><u>\$80,599</u></u>	<u><u>\$82,062</u></u>

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

**PERRY TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 57,312	\$ 52,514	\$ (4,798)
Special Revenue	117,903	132,849	14,946
Debt Service	0	1,500	1,500
Total	\$ 175,215	\$ 186,863	\$ 11,648

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 90,287	\$ 63,794	\$ 26,493
Special Revenue	175,834	124,536	51,298
Debt Service	1,500	0	1,500
Total	\$ 267,621	\$ 188,330	\$ 79,291

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 78,246	\$ 93,967	\$ 15,721
Special Revenue	115,716	131,905	16,189
Debt Service	21,417	16,817	(4,600)
Total	\$ 215,379	\$ 242,689	\$ 27,310

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 97,617	\$ 76,956	\$ 20,661
Special Revenue	154,700	130,713	23,987
Debt Service	21,417	15,317	6,100
Total	\$ 273,734	\$ 222,986	\$ 50,748

Contrary to Ohio Rev. Code Section 5705.41 (D), the Township did not certify the availability of funds for certain expenditures during 2000 and 1999.

**PERRY TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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 payments, 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. DEBT

The Township had general obligation notes in the amount of \$20,000 outstanding at January 1, 1999, which were used to purchase a tractor for general and road maintenance. The Township repaid these notes in full during 1999.

6. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% and 13.55% of participants' gross salaries for 2000 and 1999, respectively. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Commercial inland marine
- Public official's liability

The Township also provides health insurance coverage to the Township Trustees and Clerk through commercial carriers.

**PERRY TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



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

Perry Township
Ashland County
253 U.S. 250 East
Jeromesville, Ohio 44840

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Ashland County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 16, 2001. We conducted our audits 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 audits 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 2000-40503-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 16, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 certain 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 April 16, 2001.

Perry Township
Ashland County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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.

Jim Petro
Auditor of State

April 16, 2001

PERRY TOWNSHIP
ASHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-40503-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D) requires that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and other orders or expenditures lacking prior certification should be null and void and no warrant shall be issued in payment of any amount due thereon. This section also provides for two "exceptions" to the above requirements:

1. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time the certificate was appropriated, free of any previous encumbrances, the Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Board, if such expenditure is otherwise valid.

During 1999, 80% of the expenditures tested were not certified by the Township Clerk prior to incurring the obligation. It was also found that neither of the two certification exceptions detailed above was utilized for the items found to be in non-compliance.

During 2000, 90% of the expenditures tested were not certified by the Township Clerk prior to incurring the obligation. It was also found that neither of the two certification exceptions detailed above we utilized for the items found to be in non-compliance.

The Township should implement the use of so-called Then and Now certificates and Blanket Certificates as further means to certify funds pursuant to Ohio Rev. Code Section 5705.41.



STATE OF OHIO
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PERRY TOWNSHIP

ASHLAND 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 15, 2001**