

***PERRY TOWNSHIP
RICHLAND COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2001 & 2002

Charles E. Harris and Associates, Inc.
Certified Public Accountants



**Auditor of State
Betty Montgomery**

Board of Trustees
Perry Township
2025 Coursen Road
Bellville, OH 44813

We have reviewed the Independent Auditor's Report of Perry Township, Richland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2001 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Perry Township is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

April 29, 2003

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PERRY TOWNSHIP
RICHLAND COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2001 & 2002

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PERRY TOWNSHIP
RICHLAND COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2001 & 2002

| <u>ELECTED OFFICIALS</u> | <u>TITLE</u> | <u>TERM OF OFFICE</u> | <u>SURETY</u> | <u>SURETY PERIOD</u> |
|--------------------------|--------------|-----------------------|---------------|----------------------|
| Walter J. Berg | Trustee | 1/1/00 to 12/31/03 | (A) | 1/1/00 - 12/31/03 |
| Bruce E. Steel | Trustee | 1/1/02 to 12/31/05 | (A) | 1/1/98 - 12/31/01 |
| Donald E. Goodwin | Trustee | 1/1/98 to 12/31/01 | (A) | 1/1/98 – 12/31/01 |
| Michael J. Kissel, Jr. | Trustee | 1/1/02 to 12/31/05 | (A) | 1/1/02 – 12/31/05 |
| Beth A. Fry | Clerk | 4/1/00 to 3/31/04 | (B) | 4/1/00 - 3/31/04 |

Statutory Legal Council

James J. Mayer, Jr., Prosecuting Attorney
38 South Park – Second Floor
Mansfield, Ohio 44902

Township Address

2025 Coursen Road
Bellville, Ohio 44813

- (A) The Ohio Government Risk Management Plan in the amount of \$5,000.
- (B) The Ohio Government Risk Management Plan in the amount of \$25,000.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Perry Township
Bellville, Ohio

We have audited the accompanying financial statements of Perry Township (the Township), as of and for the years ended December 31, 2001 and 2002 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 cash, investments and fund cash balances of the Township as of December 31, 2001 and 2002, and the receipts, disbursements, and changes in fund cash balances, its combined statements of receipts-budget and actual and combined statements of disbursements and encumbrances compared with expenditure authority for the years then ended in conformity with the basis of accounting referred to above.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 21, 2003 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 audit.

This report is intended solely for the information and use of management, 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.

Charles E. Harris & Associates, Inc.
February 21, 2003

PERRY TOWNSHIP
RICHLAND COUNTY, OHIO
COMBINED STATEMENT OF CASH, INVESTMENTS AND FUND CASH
BALANCES - ALL FUND TYPES
For the years ended December 31, 2001 and 2002

| | <u>2001</u> <u>Balances</u> | <u>2002</u> <u>Balances</u> |
|---------------------------|---------------------------------|---------------------------------|
| Cash and Cash Equivalents | \$ <u>387,856</u> | \$ <u>367,106</u> |
| Totals | \$ <u><u>387,856</u></u> | \$ <u><u>367,106</u></u> |

Cash Balances By Fund Class

Governmental Fund Types:

| | | |
|-----------------------|---------------------------------|---------------------------------|
| General Fund | \$ 46,942 | \$ 19,586 |
| Special Revenue Funds | 335,469 | 342,075 |
| Capital Project Funds | 5,445 | 5,445 |
| | <hr/> | <hr/> |
| Totals | \$ <u><u>387,856</u></u> | \$ <u><u>367,106</u></u> |

See accompanying Notes to the Financial Statements.

**PERRY TOWNSHIP
 RICHLAND COUNTY, OHIO
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
 CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
 For the Year Ended December 31, 2001**

| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Total - (Memorandum Only)</u> |
|--|----------------------|----------------------------|-----------------------------|--|
| Receipts | | | | |
| Taxes | \$ 16,497 | \$ 183,388 | - | \$ 199,885 |
| Intergovernmental | 38,908 | 70,708 | - | 109,616 |
| Interest | 6,031 | 1,657 | - | 7,688 |
| Other | <u>2,256</u> | <u>4,401</u> | <u>-</u> | <u>6,657</u> |
| Total Receipts | 63,692 | 260,154 | - | 323,846 |
| Disbursements: | | | | |
| General Government | 86,118 | 8,416 | - | 94,534 |
| Public Safety | - | 20,600 | - | 20,600 |
| Public Works | - | 157,367 | - | 157,367 |
| Capital Outlay | <u>-</u> | <u>25,017</u> | <u>-</u> | <u>25,017</u> |
| Total Disbursements | <u>86,118</u> | <u>211,400</u> | <u>-</u> | <u>297,518</u> |
| Total Receipts Over/(Under) Disbursements | (22,426) | 48,754 | - | 26,328 |
| | | | | |
| Fund Balance January 1, 2001 | <u>69,368</u> | <u>286,715</u> | \$ <u>5,445</u> | <u>361,528</u> |
| Fund Balance December 31, 2001 | <u>\$ 46,942</u> | <u>\$ 335,469</u> | <u>\$ 5,445</u> | <u>\$ 387,856</u> |

See accompanying Notes to the Financial Statements.

**PERRY TOWNSHIP
 RICHLAND COUNTY, OHIO
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
 CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
 For the Year Ended December 31, 2002**

| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Total - (Memorandum Only)</u> |
|--|------------------|----------------------------|-----------------------------|--|
| Receipts | | | | |
| Taxes | \$ 16,136 | \$ 171,441 | - | \$ 187,577 |
| Intergovernmental | 31,408 | 71,591 | - | 102,999 |
| Interest | 1,617 | 427 | - | 2,044 |
| Other | 1,982 | 21,216 | - | 23,198 |
| Total Receipts | 51,143 | 264,675 | - | 315,818 |
| Disbursements: | | | | |
| General Government | 78,499 | 17,255 | - | 95,754 |
| Public Safety | - | 30,100 | - | 30,100 |
| Public Works | - | 148,437 | - | 148,437 |
| Capital Outlay | - | 62,277 | - | 62,277 |
| Total Disbursements | 78,499 | 258,069 | - | 336,568 |
| Total Receipts Over/(Under) Disbursements | (27,356) | 6,606 | - | (20,750) |
| Fund Balance January 1, 2002 | 46,942 | 335,469 | \$ 5,445 | 387,856 |
| Fund Balance December 31, 2002 | \$ 19,586 | \$ 342,075 | \$ 5,445 | \$ 367,106 |

See accompanying Notes to the Financial Statements.

**PERRY TOWNSHIP
 RICHLAND COUNTY, OHIO
 COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
 For the Year Ended December 31, 2001**

| <u>Fund Types/Funds</u> | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable/ (Unfavorable)</u> |
|--------------------------------|--------------------------|--------------------------|--|
| Governmental Funds: | | | |
| General Fund | \$ 75,403 | \$ 63,692 | \$ (11,711) |
| Special Revenue Funds | <u>232,327</u> | <u>260,154</u> | <u>27,827</u> |
| Total (Memorandum Only) | <u>\$ 307,730</u> | <u>\$ 323,846</u> | <u>\$ 16,116</u> |

See accompanying Notes to the Financial Statements.

PERRY TOWNSHIP
RICHLAND COUNTY, OHIO
COMBINED STATEMENT OF DISBURSEMENTS AND
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
For the Year Ended December 31, 2001

| <u>Fund Types</u> | <u>Carryover Appropriation</u> | <u>Year Ending 2001 Appropriations</u> | <u>Total</u> | <u>Actual 2001 Disbursements</u> | <u>Encumbrances as of 12/31/2001</u> | <u>Total</u> | <u>Variance Favorable/ (Unfavorable)</u> |
|--------------------------------|------------------------------------|--|-------------------|--|--|-------------------|--|
| Governmental Funds: | | | | | | | |
| General Fund | \$ - | \$ 144,772 | \$ 144,772 | \$ 86,118 | \$ - | \$ 86,118 | \$ 58,654 |
| Special Revenue Funds | - | 519,043 | 519,043 | 211,400 | - | 211,400 | 307,643 |
| Capital Project Funds | - | 5,445 | 5,445 | - | - | - | 5,445 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total (Memorandum Only) | \$ - | \$ 669,260 | \$ 669,260 | \$ 297,518 | \$ - | \$ 297,518 | \$ 371,742 |

See accompanying Notes to the Financial Statements.

**PERRY TOWNSHIP
 RICHLAND COUNTY, OHIO
 COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
 For the Year Ended December 31, 2002**

| <u>Fund Types/Funds</u> | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable/ (Unfavorable)</u> |
|--------------------------------|--------------------------|--------------------------|--|
| Governmental Funds: | | | |
| General Fund | \$ 56,616 | \$ 51,143 | \$ (5,473) |
| Special Revenue Funds | <u>243,821</u> | <u>264,675</u> | <u>20,854</u> |
| Total (Memorandum Only) | <u>\$ 300,437</u> | <u>\$ 315,818</u> | <u>\$ 15,381</u> |

See accompanying Notes to the Financial Statements.

PERRY TOWNSHIP
RICHLAND COUNTY
COMBINED STATEMENT OF DISBURSEMENTS AND
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
For the Year Ended December 31, 2002

| <u>Fund Types</u> | <u>Carryover Appropriation</u> | <u>Year Ending 2002 Appropriations</u> | <u>Total</u> | <u>Actual 2002 Disbursements</u> | <u>Encumbrances as of 12/31/2002</u> | <u>Total</u> | <u>Variance Favorable/ (Unfavorable)</u> |
|--------------------------------|------------------------------------|--|-------------------|--|--|-------------------|--|
| Governmental Funds: | | | | | | | |
| General Fund | \$ - | \$ 102,034 | \$ 102,034 | \$ 78,499 | \$ - | \$ 78,499 | \$ 23,535 |
| Special Revenue Funds | - | 565,880 | 565,880 | 258,069 | - | 258,069 | 307,811 |
| Capital Project Funds | - | 5,445 | 5,445 | - | - | - | 5,445 |
| Total (Memorandum Only) | <u>\$ -</u> | <u>\$ 673,359</u> | <u>\$ 673,359</u> | <u>\$ 336,568</u> | <u>\$ -</u> | <u>\$ 336,568</u> | <u>\$ 336,791</u> |

See accompanying Notes to the Financial Statements.

PERRY TOWNSHIP
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2001 & 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Perry Township, Richland County, (the Township) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected, three-member Board directs the Township. The Township provides general governmental services, including road and cemetery maintenance.

Management believes the financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. REPORTING ENTITY

In evaluating how to define the Township for financial reporting purposes, management has considered all agencies, departments and organizations making up Perry Township (the primary government) and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity". There were no significant changes in the reporting entity related to the implementation of this statement for the current audit period.

Component units are legally separate organizations for which the Township, as the primary government, is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and 1) the Township is able to significantly influence the programs or services performed or provided by the organization; or 2) the Township is legally entitled to or can otherwise access the organizations resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations for which the Township approves the budget, the issuance of debt, or the levying of taxes.

Based on the above definitions, the Township has determined that there were no component units required to be included the financial statements.

C. BASIS OF ACCOUNTING

The Township prepares its financial statements following 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

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

PERRY TOWNSHIP
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2001 & 2002

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

D. **INVESTMENTS AND INACTIVE FUNDS**

The provisions of the Ohio Revised Code restrict investment procedures. Purchased investments are all repurchase agreements valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

E. **FUND ACCOUNTING**

The Township maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities, reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources (other than from trusts) that are restricted to expenditures for specific purposes.

Capital Projects Funds: Capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

F. **BUDGETARY PROCESS**

1. **Budget**

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

PERRY TOWNSHIP
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2001 & 2002

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

F. **BUDGETARY PROCESS** - (continued)

2. **Estimated Resources**

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The certificate is approved by the County Budget Commission and sent to the Township Treasurer by September 1.

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate to which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the County Budget Commission for approval. This amended certificate may be further amended during the year if projected increases or the Clerk identifies decreases in revenue. The amounts reported in the budgetary statements reflect the amounts in the final amended certificates issued during 2001 and 2002.

Budget receipts, as shown in the accompanying financial statements, do not include the unencumbered fund balances as of January 1, 2001 and 2002. However, those fund balances are available for appropriation.

3. **Appropriations**

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources plus carryover balances.

The legal level of budgetary control is at the fund level in all funds. Any budgetary modifications at this level may only be made by ordinance of the Board of Township Trustees.

PERRY TOWNSHIP
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2001 & 2002

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

F. **BUDGETARY PROCESS - (continued)**

4. **Encumbrances**

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control.

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated. In the budgetary financial statements, encumbrances are added to budgetary expenditures. The budgetary fund balance is cash minus outstanding encumbrances.

G. **TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

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

The Township maintains a cash and investment pool. The balance of this pool is displayed on the "Combined Statement of Cash, Investments, and Fund Cash Balances - All Fund Types, as of December 31, 2001 and 2002."

Legal Requirements

State statutes classify monies held by the Township into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Township Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

PERRY TOWNSHIP
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2001 & 2002

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS – (continued)

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Interim monies may be invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or securities issued by any federal government agency or instrumentality, including by not limited to, the federal national home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investments pool (STAR Ohio);

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township, and be purchased within the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

PERRY TOWNSHIP
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2001 & 2002

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS – (continued)

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Clerk by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No.3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements".

Deposits: At year-end, the carrying amount of the Township's deposits was \$ 34,856 in 2001 and \$367,106 in 2002 and the bank balance was \$40,528 in 2001 and \$376,699 in 2002. All bank deposits in 2001 were covered by federal depository insurance. Of the 2002 bank balance, \$100,000 was covered by federal depository insurance and \$276,699 was uninsured but collateralized by U.S. Government securities pooled by the depository not in the Township's name. As with all deposits, there is a risk of loss of resources, but management believes this collateral gives the Township its safest deposit of money.

Investments: GASB Statement No.3 requires the Township's investment amounts and fair value to be classified by risk. Category 1 includes investments that are insured or registered for which the securities are held in the counter party's trust department or agent in the Township's name. Category 2 includes uninsured and unregistered investments, which are held by the counter party's, trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party or by its trust department but not in the Township's name.

| | <u>Category 3</u> | <u>Fair Value</u> |
|-----------------------------|-------------------|-------------------|
| Repurchase Agreement - 2001 | \$ <u>353,000</u> | \$ <u>353,000</u> |

The classification of cash and cash equivalents on the financial statements is based on criteria set forth in GASB Statement No. 9 "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the financial statements and classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

| | <u>Cash and Cash Equivalents/Deposits</u> | <u>Investments</u> |
|----------------------|---|--------------------|
| <u>2001</u> | | |
| GASB Statement 9 | \$ 387,856 | \$ - 0 - |
| Investments: | | |
| Repurchase Agreement | (353,000) | 353,000 |
| GASB Statement 3 | \$ <u>34,856</u> | \$ <u>353,000</u> |

The Township had no investments requiring a reconciliation in the year 2002.

PERRY TOWNSHIP
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2001 & 2002

3. PROPERTY TAX

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2001.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for both years ended December 31, 2000 and 2001 (received in 2001 and 2002) were \$9.00 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$7.53 and \$7.21 for 2001 and 2002, respectively, per \$1,000 of assessed valuation for real property classified as residential/agricultural. The effective tax rate was \$8.18 and \$8.19 for 2001 and 2002, respectively, per \$1000 of assessed valuation for other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

The rate applied to tangible personal property for both years ended December 31, 2000 and 2001 (received in 2001 and 2002) was \$9.00 per \$1,000 of assessed valuation.

The following represents the assessed property values for the revenues received during the years 2001 and 2002:

| Real Property | <u>2001</u> | <u>2002</u> |
|----------------------------|----------------------|----------------------|
| Residential/Agricultural | \$ 13,884,090 | \$ 15,306,970 |
| Commercial/Industrial | 769,630 | 758,870 |
| | | |
| Tangible Personal Property | | |
| General | 671,560 | 724,250 |
| Public Utilities | <u>99,860</u> | <u>118,010</u> |
| | | |
| Total Valuation | \$ <u>15,425,140</u> | \$ <u>16,908,100</u> |

The Richland County Treasurer collects property tax on behalf of all taxing Townships within the county. The Richland County Auditor periodically remits to the taxing Townships their portions of the taxes collected.

PERRY TOWNSHIP
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2001 & 2002

4. RETIREMENT SYSTEMS

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contributions rates are prescribed by the Ohio Revised Code. The Township's PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% for both 2001 and 2002 of participant's gross salaries. The Township has paid all contributions required through December 31, 2002.

5. RISK MANAGEMENT

The Township is exposed to various risks of loss related torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal years 2001 and 2002, the Township contracted with one insurance company for coverage of buildings and contents.

- Comprehensive property and general liability
- Public officials liability
- Vehicles

Settled claimed have not exceeded commercial coverage in the past three years. Also, there have been no material reductions in coverage during the past three years.

Separate bonds cover the Township Trustees and Clerk.

The Township pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries.

7. SUBSEQUENT EVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Trustees
Perry Township
Bellville, Ohio**

We have audited the accompanying financial statements of Perry Township (the Township), as of and for the years ended December 31, 2001 and 2002, and have issued our report thereon dated February 21, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Controls 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.

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

Charles E. Harris & Associates, Inc.
February 21, 2003

STATUS OF PRIOR YEAR'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the years ended December 31, 1999 and 2000 did not include material citations or recommendations.



**Auditor of State
Betty Montgomery**

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PERRY TOWNSHIP

RICHLAND 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, 2003**