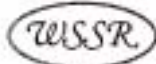

**PERRY TOWNSHIP
MORROW COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2002 & 2001

Whited Seigneur Sams & Rabe, LLP

CERTIFIED PUBLIC ACCOUNTANTS



213 South Paint Street • Chillicothe, Ohio 45601-3828
(740) 702-2600 – Voice • (740) 702-2610 – Fax • wssr@horizonview.net



**Auditor of State
Betty Montgomery**

Board of Trustees
Perry Township

We have reviewed the Independent Auditor's Report of Perry Township, Morrow County, prepared by Whited Seigneur Sams & Rahe, LLP 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

June 12, 2003

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**PERRY TOWNSHIP
MORROW COUNTY, OHIO**

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Whited Seigneur Sams & Rahe, LLP

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May 22, 2003

Perry Township
Morrow County
P.O. Box 212
Shauck, Ohio 43349

Report of Independent Auditor

We have audited the accompanying financial statements of Perry Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2002 and 2001. 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 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 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 of Perry Township, Morrow County, Ohio, as of December 31, 2002 and 2001, 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 a report dated May 22, 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 audits 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, the Board 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.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

**PERRY TOWNSHIP
MORROW COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH 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>Memorandum Only</u>
CASH RECEIPTS			<u>Total</u>
Local Taxes	\$ 20,787	\$ 31,979	\$ 52,766
Intergovernmental Receipts	16,854	64,221	81,075
Special Assessments	0	362	362
Licenses, Permits and Fees	0	12,543	12,543
Interest	1,987	386	2,373
Other Revenue	<u>1</u>	<u>380</u>	<u>381</u>
TOTAL CASH RECEIPTS	39,629	109,871	149,500
CASH DISBURSEMENTS			
Current:			
General Government	47,195	0	47,195
Public Safety	1,204	0	1,204
Public Works	0	72,108	72,108
Health	1,772	24,003	25,775
Capital Outlay	0	41,892	41,892
Debt Service:			
Interest and Fiscal Charges	<u>50</u>	<u>0</u>	<u>50</u>
TOTAL CASH DISBURSEMENTS	<u>50,221</u>	<u>138,003</u>	<u>188,224</u>
TOTAL CASH RECEIPTS OVER/ (UNDER) DISBURSEMENTS	(10,592)	(28,132)	(38,724)
OTHER FINANCING RECEIPTS/ (DISBURSEMENTS)			
Proceeds of Note	0	30,000	30,000
Transfers In	0	929	929
Transfers Out	(929)	0	(929)
Other Sources	<u>0</u>	<u>15,600</u>	<u>15,600</u>
TOTAL OTHER FINANCING RECEIPTS/ (DISBURSEMENTS)	<u>(929)</u>	<u>46,529</u>	<u>45,600</u>
EXCESS OF CASH RECEIPTS AND OTHER FINANCING RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS AND OTHER FINANCING DISBURSEMENTS	(11,521)	18,397	6,876
Fund Cash Balances, January 1, 2002	<u>69,693</u>	<u>85,249</u>	<u>154,942</u>
Fund Cash Balances, December 31, 2002	<u>\$ 58,172</u>	<u>\$ 103,646</u>	<u>\$ 161,818</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**PERRY TOWNSHIP
MORROW COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGE IN CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

OPERATING CASH RECEIPTS	Nonexpendable <u>Trust</u>
Interest	\$ <u>19</u>
TOTAL OPERATING CASH RECEIPTS	<u>19</u>
OPERATING CASH DISBURSEMENTS	
Purchased Services	<u>60</u>
TOTAL OPERATING CASH DISBURSEMENTS	<u>60</u>
EXCESS OF OPERATING RECEIPTS OVER/ (UNDER) OPERATING DISBURSEMENTS	(41)
Fund Cash Balance, January 1, 2002	<u>724</u>
Fund Cash Balance, December 31, 2002	<u>\$ 683</u>

**PERRY TOWNSHIP
MORROW COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH 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>Memorandum Only Total</u>
CASH RECEIPTS			
Local Taxes	\$ 18,905	\$ 29,073	\$ 47,978
Intergovernmental Receipts	25,634	63,998	89,632
Special Assessments	0	376	376
Licenses, Permits and Fees	0	9,102	9,102
Interest	3,301	711	4,012
Other Revenue	<u>60</u>	<u>737</u>	<u>797</u>
TOTAL CASH RECEIPTS	47,900	103,997	151,897
CASH DISBURSEMENTS			
Current:			
General Government	42,136	0	42,136
Public Safety	1,010	0	1,010
Public Works	0	75,500	75,500
Health	1,749	17,075	18,824
Capital Outlay	<u>0</u>	<u>22,788</u>	<u>22,788</u>
TOTAL CASH DISBURSEMENTS	<u>44,895</u>	<u>115,363</u>	<u>160,258</u>
TOTAL CASH RECEIPTS OVER/ (UNDER) DISBURSEMENTS	3,005	(11,366)	(8,361)
OTHER FINANCING RECEIPTS/ (DISBURSEMENTS)			
Transfers In	0	1,122	1,122
Transfers Out	(1,122)	0	(1,122)
Other Sources	<u>0</u>	<u>8,700</u>	<u>8,700</u>
TOTAL OTHER FINANCING RECEIPTS/ (DISBURSEMENTS)	<u>(1,122)</u>	<u>9,822</u>	<u>8,700</u>
EXCESS OF CASH RECEIPTS AND OTHER FINANCING RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS AND OTHER FINANCING DISBURSEMENTS	1,883	(1,544)	339
Fund Cash Balances, January 1, 2001	<u>67,810</u>	<u>86,793</u>	<u>154,603</u>
Fund Cash Balances, December 31, 2001	<u>\$ 69,693</u>	<u>\$ 85,249</u>	<u>\$ 154,942</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**PERRY TOWNSHIP
MORROW COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGE IN CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

OPERATING CASH RECEIPTS	Nonexpendable <u>Trust</u>
Interest	\$ <u>25</u>
TOTAL OPERATING CASH RECEIPTS	<u>25</u>
OPERATING CASH DISBURSEMENTS	
Purchased Services	<u>60</u>
TOTAL OPERATING CASH DISBURSEMENTS	<u>60</u>
EXCESS OF OPERATING RECEIPTS OVER/ (UNDER) OPERATING DISBURSEMENTS	(35)
Fund Cash Balance, January 1, 2001	<u>759</u>
Fund Cash Balance, December 31, 2001	<u>\$ 724</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**PERRY TOWNSHIP
MORROW COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **Description of the Entity**

Perry Township, Morrow 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 and bridge maintenance and cemetery maintenance.

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

- **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. 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.

- **Cash and Investments**

Certificates of deposit are valued at cost.

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.

- **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:

- **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.
- **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:

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

Cemetery Fund - This fund receives fees and taxes for the maintenance of two cemeteries located within the Township.

**PERRY TOWNSHIP
MORROW COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Fund Accounting (Continued)**

- **Fiduciary Fund (Trust and Agency Fund)** - This fund is used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Cemetery Bequest Fund - This is a non-expendable trust fund for the perpetual care of a pair of cemetery graves.

- **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 and 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 individual commitments are made. Encumbrances outstanding at year-end are cancelled and re-appropriated in the subsequent year.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

- **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.

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 at December 31 was as follows:

	<u>2002</u>	<u>2001</u>
Demand deposits	\$ 150,950	\$ 145,458
Total Deposits	150,950	145,458
Certificates of Deposit	11,551	10,208
Total Investments	11,551	10,208
Total Deposits and Investments	\$ 162,501	\$ 155,666

**PERRY TOWNSHIP
MORROW COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 were as follows:

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 38,537	\$ 39,629	\$ 1,092
Special Revenue	131,563	156,400	24,837
Non-Expendable Trust	<u>20</u>	<u>19</u>	<u>(1)</u>
TOTAL	<u>\$ 170,120</u>	<u>\$ 196,048</u>	<u>\$ 25,928</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 58,377	\$ 51,150	\$ 7,227
Special Revenue	167,975	138,003	29,972
Non-Expendable Trust	<u>70</u>	<u>60</u>	<u>10</u>
TOTAL	<u>\$ 226,422</u>	<u>\$ 189,213</u>	<u>\$ 37,209</u>

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 40,245	\$ 47,900	\$ 7,655
Special Revenue	106,015	113,819	7,804
Non-Expendable Trust	<u>25</u>	<u>25</u>	<u>0</u>
TOTAL	<u>\$ 146,285</u>	<u>\$ 161,744</u>	<u>\$ 15,459</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 61,196	\$ 46,017	\$ 15,179
Special Revenue	149,026	115,363	33,663
Non-Expendable Trust	<u>60</u>	<u>60</u>	<u>0</u>
TOTAL	<u>\$ 210,282</u>	<u>\$ 161,440</u>	<u>\$ 48,842</u>

**PERRY TOWNSHIP
MORROW COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

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.

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

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note	\$30,000	4.5%

The general obligation note was issued to finance the purchase of a new tractor and mower to be used for Township road maintenance. The note is secured by the Township's taxing authority and by the tractor and mower.

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

<u>Year Ending December 31</u>	<u>General Obligation Note</u>
2003	\$ 7,350
2004	7,080
2005	6,810
2006	6,540
2007	<u>6,270</u>
Total	<u>\$ 34,050</u>

6. RETIREMENT SYSTEMS

All 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 2002 and 2001, 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, 2002.

**PERRY TOWNSHIP
MORROW COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

7. RISK MANAGEMENT

The Township is a member of the Ohio Government Risk Management Plan. This plan assumes the risk of loss up to the limits of the Township's policy. Coverage is subject to deductibles and scheduled property. The following risks are covered by the Plan:

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

Whited Seigneur Sams & Rahe, LLP

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May 22, 2003

Perry Township
Morrow County
P.O. Box 212
Shauck, Ohio 43349

Report on Compliance and on Internal Control Required by *Government Auditing Standards*

We have audited the accompanying financial statements of Perry Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated May 22, 2003. We conducted our audits 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 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 noted an immaterial instance of noncompliance that we reported to management of the Township in a separate letter dated May 22, 2003.

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 May 22, 2003.

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

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP



**Auditor of State
Betty Montgomery**

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PERRY TOWNSHIP

MORROW 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
JUNE 26, 2003**