



**PERRY TOWNSHIP
MORROW COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PERRY TOWNSHIP
MORROW COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Morrow County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. 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 the Township as of December 31, 2000 and December 31, 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 February 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 audit.

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

February 16, 2001

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**PERRY TOWNSHIP
MORROW 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>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$19,470	\$29,895	\$0	\$49,365
Intergovernmental	24,978	72,961	166,063	264,002
Special Assessments	0	360	0	360
Licenses, Permits, and Fees	0	16,392	0	16,392
Interest	2,900	718	0	3,618
Other Revenue	429	2,115	0	2,544
	<u>47,777</u>	<u>122,441</u>	<u>166,063</u>	<u>336,281</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	20,593	0	0	20,593
Public Safety	1,009	0	0	1,009
Public Works	0	98,417	0	98,417
Health	1,740	21,362	0	23,102
Capital Outlay	0	22,357	166,063	188,420
	<u>23,342</u>	<u>142,136</u>	<u>166,063</u>	<u>331,541</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>24,435</u>	<u>(19,695)</u>	<u>0</u>	<u>4,740</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	1,394	0	1,394
Transfers-Out	(1,394)	0	0	(1,394)
	<u>(1,394)</u>	<u>1,394</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	23,041	(18,301)	0	4,740
Fund Cash Balances, January 1	<u>44,769</u>	<u>105,094</u>	<u>0</u>	<u>149,863</u>
Fund Cash Balances, December 31	<u>\$67,810</u>	<u>\$86,793</u>	<u>\$0</u>	<u>\$154,603</u>

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

PERRY TOWNSHIP
MORROW COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGE IN CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$24</u>
Total Operating Cash Receipts	<u>24</u>
Operating Cash Disbursements:	
Purchased Services	<u>60</u>
Total Operating Cash Disbursements	<u>60</u>
Excess of Operating Receipts Over/(Under) Operating Disbursements	(36)
Fund Cash Balances, January 1	<u>795</u>
Fund Cash Balances, December 31	<u><u>\$723</u></u>

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

**PERRY TOWNSHIP
MORROW 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>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$17,686	\$35,024	\$0	\$52,710
Intergovernmental	23,862	65,936	78,032	167,830
Special Assessments	0	404	0	404
Licenses, Permits, and Fees	0	30,975	0	30,975
Interest	2,274	829	0	3,103
Other Revenue	2	2,465	0	2,467
	<u>43,824</u>	<u>135,633</u>	<u>78,032</u>	<u>257,489</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	23,780	0	0	23,780
Public Works	0	92,095	0	92,095
Health	1,319	22,856	0	24,175
Capital Outlay	0	36,799	78,032	114,831
	<u>25,099</u>	<u>151,750</u>	<u>78,032</u>	<u>254,881</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>18,725</u>	<u>(16,117)</u>	<u>0</u>	<u>2,608</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	0	6,580	0	6,580
Transfer-In	0	1,186	0	1,186
Transfers-Out	(1,186)	0	0	(1,186)
Other Sources	909	0	0	909
	<u>(277)</u>	<u>7,766</u>	<u>0</u>	<u>7,489</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	18,448	(8,351)	0	10,097
Fund Cash Balances, January 1	<u>26,321</u>	<u>113,445</u>	<u>0</u>	<u>139,766</u>
Fund Cash Balances, December 31	<u>\$44,769</u>	<u>\$105,094</u>	<u>\$0</u>	<u>\$149,863</u>

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

**PERRY TOWNSHIP
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGE IN CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$24</u>
Total Operating Cash Receipts	<u>24</u>
Operating Cash Disbursements:	
Purchased Services	<u>60</u>
Total Operating Cash Disbursements	<u>60</u>
Excess of Operating Receipts Over/(Under) Operating Disbursements	(36)
Fund Cash Balances, January 1	<u>831</u>
Fund Cash Balances, December 31	<u><u>\$759</u></u>

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

**PERRY TOWNSHIP
MORROW COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

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

D. Fund Accounting

The Township uses fund accounting to segregate cash 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:

Gasoline Tax Fund - This fund receives gasoline tax money to pay 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**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Ohio Public Works Fund - The Township received a grant from the State of Ohio to pave a road within the Township.

4. 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.

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 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.

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 re-appropriated 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 disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**PERRY TOWNSHIP
MORROW COUNTY**

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

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>2000</u>	<u>1999</u>
Demand deposits	\$145,726	\$142,149
Total deposits	145,726	142,149
Certificates of Deposit	9,636	8,509
Total investments	9,636	8,509
Total deposits and investments	\$155,362	\$150,658

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,358	\$47,777	\$8,419
Special Revenue	106,970	123,835	16,865
Capital Projects	171,344	166,063	(5,281)
Non-Expendable Trust	25	24	(1)
Total	\$317,697	\$337,699	\$20,002

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$36,125	\$24,736	\$11,389
Special Revenue	171,958	142,136	29,822
Capital Projects	171,344	166,063	5,281
Non-Expendable Trust	60	60	0
Total	\$379,487	\$332,995	\$46,492

**PERRY TOWNSHIP
MORROW COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,518	\$44,733	\$14,215
Special Revenue	108,131	143,399	35,268
Capital Projects	78,032	78,032	0
Non-Expendable Trust	0	24	24
Total	\$216,681	\$266,188	\$49,507

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$51,833	\$26,285	\$25,548
Special Revenue	186,440	151,750	34,690
Capital Projects	78,032	78,032	0
Non-Expendable Trust	100	60	40
Total	\$316,405	\$256,127	\$60,278

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.

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 belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**PERRY TOWNSHIP
MORROW COUNTY**

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

6. 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

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

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

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Morrow County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated February 16, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-40659-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated February 16, 2001.

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 February 16, 2001.

Perry Township
Morrow County
Report 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

February 16, 2001

**PERRY TOWNSHIP
MORROW 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 2000-40659-001

Ohio Rev. Code Section 5705.41(D) states 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 in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides an exception to the above requirement:

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 of the certificate, appropriated and free of any previous encumbrances, the Township 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, if such expenditure is otherwise valid.

If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

Forty-six percent of disbursements tested were not certified by the fiscal officer until the time of payment. The fiscal officer did not issue "Then and Now Certificates" for these payments. We recommend that the Township comply with the aforementioned code section to enhance budgetary control.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
MARCH 13, 2001**