



**PERRY TOWNSHIP
COSHOCKTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PERRY TOWNSHIP
COSHOCTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances All Governmental Fund Types For the Year Ended December 31, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances All Governmental Fund Types For the Year Ended December 31, 2000	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13
Schedule of Prior Audit Findings	15

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Perry Township
Coshocton County
19849 T.R. 383
Walhonding, Ohio 43843

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Coshocton County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000. 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 and reserves for encumbrances of the Township as of December 31, 2001 and 2000, 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 24, 2002 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

April 24, 2002

**PERRY TOWNSHIP
COSHOCTON COUNTY**

**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>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$18,687		\$18,687
Intergovernmental	17,450	\$59,685	77,135
Interest	146	298	444
Other Revenue	2,522		2,522
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	38,805	59,983	98,788
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	40,018		40,018
Public Works		46,206	46,206
Debt Service:			
Note Principal Payment		15,271	15,271
Interest		3,759	3,759
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	40,018	65,236	105,254
	<hr/>	<hr/>	<hr/>
Total Receipts (Under) Disbursements	(1,213)	(5,253)	(6,466)
Fund Cash Balances, January 1	8,382	49,848	58,230
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$7,169	\$44,595	\$51,764
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	\$96	\$4,048	\$4,144
	<hr/>	<hr/>	<hr/>

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

**PERRY TOWNSHIP
COSHOCTON 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>		<u>(Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$15,430		\$15,430
Intergovernmental	15,696	\$62,751	78,447
Interest	259	385	644
Other Revenue	1,721		1,721
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	33,106	63,136	96,242
Cash Disbursements:			
Current:			
General Government	44,073		44,073
Public Works		46,547	46,547
Health	433		433
Capital Outlay		56,993	56,993
Debt Service:			
Note Principal Payment		11,071	11,071
Interest		2,765	2,765
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	44,506	117,376	161,882
Total Receipts (Under) Disbursements	<hr/>	<hr/>	<hr/>
	(11,400)	(54,240)	(65,640)
Other Financing Receipts:			
Proceeds from Notes		56,993	56,993
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	0	56,993	56,993
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(11,400)	2,753	(8,647)
Fund Cash Balances, January 1	19,782	47,095	66,877
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$8,382	\$49,848	\$58,230
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	\$41	\$3,145	\$3,186

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

**PERRY TOWNSHIP
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Perry Township, Coshocton County, (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

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.

The Township invests in certificates of deposit which are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Fund:

**PERRY TOWNSHIP
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

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 level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve the appropriation measure 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 encumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not properly encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2001 and 2000 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.

**PERRY TOWNSHIP
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment 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:

	2001	2000
Demand deposits	\$34,603	\$41,069
Certificates of Deposit	17,161	17,161
Total deposits and investments	\$51,764	\$58,230

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$33,291	\$38,805	\$5,514
Special Revenue	65,388	59,983	(5,405)
Total	\$98,679	\$98,788	\$109

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$45,203	\$40,114	\$5,089
Special Revenue	109,434	69,284	40,150
Total	\$154,637	\$109,398	\$45,239

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,923	\$33,106	\$2,183
Special Revenue	64,387	120,129	55,742
Total	\$95,310	\$153,235	\$57,925

**PERRY TOWNSHIP
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$50,105	\$44,547	\$5,558
Special Revenue	110,682	120,521	(9,839)
Total	\$160,787	\$165,068	(\$4,281)

Contrary to Ohio Revised Code Section 5705.41(B), the Township had expenditures in excess of appropriations by \$56,993 in the Gas Tax Fund in 2000.

Contrary to Ohio Revised Code Section 5705.41(D), the Township did not certify the availability of funds for expenditures prior to making the obligations of the Township.

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, 2001 was as follow:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Notes	\$ 7,000	5.75%
Promissory Notes	44,651	6.00%

One promissory note was issued in 1997 to finance the purchase a dump truck to be used for Township road maintenance, and another note was issued in 2000 to purchase a tractor, also to be used for road maintenance. The Township financed both purchases from local banks with terms of five years on the truck at 5.75% and seven years on the tractor at 6.00%. The truck loan will be paid in annual installments of \$7,000 plus interest, and the tractor will be paid in semi-annual installments each January and July of \$4,071 plus interest.

**PERRY TOWNSHIP
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT (Continued)

Amortization of the above debts including interest is scheduled as follows:

<u>Year ending December 31:</u>	<u>Promissory Notes</u>	<u>Interest</u>	<u>Total</u>
2002	\$15,142	\$2,959	\$18,101
2003	8,142	2,068	10,210
2004	8,142	1,580	9,722
2005	8,142	1,091	9,233
2006	8,142	603	8,745
2007	<u>3,941</u>	<u>118</u>	<u>4,059</u>
Total	<u>\$51,651</u>	<u>\$8,419</u>	<u>\$60,070</u>

6. RETIREMENT SYSTEM

The Township's part-time employees and officials belong to the Public Employees Retirement System (PERS) of Ohio. The 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Automobiles
- Electronic/Media

The Township also provided health insurance to an employee through private insurance carriers.

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

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

Perry Township
Coshocton County
19849 T.R. 383
Walhonding, Ohio 43843

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Coshocton County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 24, 2002. 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 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 two instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2001-41016-001 and 2001-41016-002.

We also noted other immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 24, 2002.

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 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 April 24, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Petro
Auditor of State

April 24, 2002

**PERRY TOWNSHIP
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-41016-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificates - 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, Township Trustees 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.

- B. If the amount involved is less than \$1,000, the fiscal officer may authorize it to be paid without the affirmation of Township Trustees.

83% of the transactions tested were not certified by the Clerk as to the availability of funds prior to the obligation date of the expenditure. It was also found that neither of the two exceptions above were utilized for the items found to be in noncompliance.

In addition, certain liabilities, contracts, and open purchase commitments incurred prior to December 31 which were not encumbered were improperly charged against the following year's appropriations. Also, the unencumbered fund balances reported to the County Auditor for budgetary purposes were overstated due to the failure to properly encumber.

Not properly certifying the availability of funds (and failure to encumber) could cause the Township to overspend. The Clerk should notify all Township officials and employees of the requirements of Ohio Rev. Code Section 5705.41(D). In addition, the Township should implement the use of Then and Now certificates and Blanket Certificates as permitted by Ohio Rev. Code Section 5705.41.

FINDING NUMBER 2001-41016-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2000, object level expenditures for the capital outlay account exceeded appropriations within the Gas Tax Fund by \$56,993. This was due to a tractor purchase for which the Township obtained a loan but did not post the activity to the records of the Township.

The Clerk should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the object level to avoid potential overspending.

**PERRY TOWNSHIP
COSHOCTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-41016-001	Ohio Revised Code § 5705.41 (D) certifying expenditures	No	Not Corrected. See Finding Number 2001-41016-001.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

PERRY TOWNSHIP
COSHOCTON 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 13, 2002**