



**Auditor of State  
Betty Montgomery**



**PERRY TOWNSHIP  
ALLEN COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Perry Township  
Allen County  
2408 Breese Road P O Box 955  
Lima, Ohio 45802

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Allen County, (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 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 combined fund cash balances and reserves for encumbrances of the Township 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 our report dated June 2, 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 the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

June 2, 2003

**PERRY TOWNSHIP  
ALLEN COUNTY**

**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>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$220,721	\$333,409	\$554,130
Intergovernmental	113,116	124,685	237,801
Special Assessments		3,987	3,987
Charges for Services		55,248	55,248
Licenses, Permits, and Fees	5,491		5,491
Fines, Forfeitures, and Penalties	2,541		2,541
Earnings on Investments	1,119	407	1,526
Other Revenue	11,262	17,855	29,117
	<u>354,250</u>	<u>535,591</u>	<u>889,841</u>
<b>Total Cash Receipts</b>			
	<u>354,250</u>	<u>535,591</u>	<u>889,841</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	196,487		196,487
Public Safety	41,434	307,433	348,867
Public Works	9,567	121,514	131,081
Health	19,705		19,705
Debt Service:			
Redemption of Principal		64,256	64,256
Interest and Fiscal Charges		14,473	14,473
Capital Outlay	51,853	43,000	94,853
	<u>319,046</u>	<u>550,676</u>	<u>869,722</u>
<b>Total Cash Disbursements</b>			
	<u>319,046</u>	<u>550,676</u>	<u>869,722</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>35,204</u>	<u>(15,085)</u>	<u>20,119</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Advances-In		1,535	1,535
Advances-Out	(1,535)		(1,535)
Other Uses	(82)		(82)
	<u>(1,617)</u>	<u>1,535</u>	<u>(82)</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(1,617)</u>	<u>1,535</u>	<u>(82)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>33,587</u>	<u>(13,550)</u>	<u>20,037</u>
<b>Fund Cash Balances, January 1</b>	<u>42,168</u>	<u>222,959</u>	<u>265,127</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$75,755</u></u>	<u><u>\$209,409</u></u>	<u><u>\$285,164</u></u>
<b>Reserve for Encumbrances, December 31</b>	<u><u>\$0</u></u>	<u><u>\$180</u></u>	<u><u>\$180</u></u>

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

**PERRY TOWNSHIP  
ALLEN 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>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$220,825	\$365,168		\$585,993
Intergovernmental	94,884	109,253		204,137
Special Assessments		3,922		3,922
Charges for Services		47,976		47,976
Licenses, Permits, and Fees	5,125			5,125
Fines, Forfeitures, and Penalties	5,809			5,809
Earnings on Investments	2,755	1,009		3,764
Other Revenue	7,459	30,916		38,375
<b>Total Cash Receipts</b>	<u>336,857</u>	<u>558,244</u>		<u>895,101</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	210,391			210,391
Public Safety	39,639	290,275		329,914
Public Works	16,316	150,333		166,649
Health	19,517			19,517
Debt Service:				
Redemption of Principal		44,290		44,290
Interest and Fiscal Charges		15,057		15,057
Capital Outlay	50,073	39,000		89,073
<b>Total Cash Disbursements</b>	<u>335,936</u>	<u>538,955</u>		<u>874,891</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>921</u>	<u>19,289</u>		<u>20,210</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Sale of Fixed Assets		7,500		7,500
Transfers-In	369	5,000		5,369
Advances-In		12,168		12,168
Transfers-Out	(5,000)		(369)	(5,369)
Advances-Out	(12,168)			(12,168)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(16,799)</u>	<u>24,668</u>	<u>(369)</u>	<u>7,500</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(15,878)</u>	<u>43,957</u>	<u>(369)</u>	<u>27,710</u>
<b>Fund Cash Balances, January 1</b>	<u>58,046</u>	<u>179,002</u>	<u>369</u>	<u>237,417</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$42,168</u></u>	<u><u>\$222,959</u></u>	<u><u>\$0</u></u>	<u><u>\$265,127</u></u>
<b>Reserve for Encumbrances, December 31</b>	<u><u>\$0</u></u>	<u><u>\$35</u></u>	<u><u>\$0</u></u>	<u><u>\$35</u></u>

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



**PERRY TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Perry Township, Allen 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 road and bridge maintenance, fire protection and emergency medical services, and police protection.

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**

The Township's checking account is valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**Fire Fund** - This fund receives tax money to provide for protection within the Township.

**PERRY TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 carried over, and need not be reappropriated.

A summary of 2002 and 2001 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**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>2002</u>	<u>2001</u>
Demand deposits	\$261,820	\$242,107
STAR Ohio	23,344	23,020
Total deposits and investments	<u>\$285,164</u>	<u>\$265,127</u>

**PERRY TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**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.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

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

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$372,716	\$354,250	(\$18,466)
Special Revenue	538,795	535,591	(3,204)
Total	\$911,511	\$889,841	(\$21,670)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$414,885	\$319,128	\$95,757
Special Revenue	761,754	550,856	210,898
Total	\$1,176,639	\$869,984	\$306,655

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$384,883	\$337,226	(\$47,657)
Special Revenue	459,176	570,744	111,568
Debt Service	47,589	0	(47,589)
Total	\$891,648	\$907,970	\$16,322

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$443,775	\$340,936	\$102,839
Special Revenue	637,905	538,990	98,915
Debt Service	47,958	369	47,589
Total	\$1,129,638	\$880,295	\$249,343

During the years 2002 and 2001, amended certificates of estimated resources were not obtained when revenues were significantly greater or less than certified amounts, as required by Ohio law.

**PERRY TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**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. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Fire Truck	\$190,732	5.34%
Backhoe	32,638	4.90%
Total	\$223,370	

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

<b>Year Ending December 31</b>	<b>Amount</b>
2003	\$55,076
2004	55,076
2005	37,746
2005	37,746
2007	37,746
2008	37,746
Total	\$261,136

**6. RETIREMENT SYSTEMS**

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 for PERS are also prescribed by the Ohio Revised Code. PERS members contribute 8.5% of their gross salaries, and the Township contributes an amount equal to 13.55% of participants' gross salaries

Fire Department personnel (fire chief, assistant fire chief, dispatchers, and volunteer EMS and firemen) belong to Social Security and contribute 6.2% of their gross salaries. The District's liability is 6.2 % of wages paid.

**PERRY TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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**Auditor of State  
Betty Montgomery**

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

Perry Township  
Allen County  
2408 Breese Road P O Box 955  
Lima, Ohio 45802

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Allen County, (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 2, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule as items 2002-001 through 2002-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 2, 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that in our judgment, could adversely effect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2002-005 and 2002-006.

**Internal Control Over Financial Reporting  
(Continued)**

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.

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 reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

We also 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 June 2, 2003.

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



**Betty Montgomery**  
Auditor of State

June 2, 2003



**PERRY TOWNSHIP  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

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

**FINDING NUMBER 2002-001**

**Perry Township minutes dated December 29, 1998**, included the adoption of the sick and vacation leave policy for dispatchers. The policy allows one sick day for each 600 hours worked, and 40 hours vacation leave for full-time dispatchers.

During the years 2002 and 2001, payroll records indicated that leave time was taken in excess of the amount of time earned, or allowed for Nancy Centers. For 2002, a total of 1240 hours were worked which would be 16 hours of earned sick leave and 40 hours of vacation; however, 128 hours were paid. For 2001, a total of 1,850 hours were worked which would be 24 hours of earned sick leave and 40 hours of vacation; however, 215.5 hours were paid. This results in a total of 223.5 hours in compensation overpayment for both years. In addition, for the first six months of the year 2002, an incorrect salary rate of \$8.65 was used to calculate the payroll prior to submission to the clerk rather than the correct salary rate of \$8.57 which resulted in an overpayment in wages of \$52.64. The employee was advised of the overpayments and an agreed upon payment plan was devised. One payroll deduction of \$50 was made on November 4, 2002 and one deduction of \$100 was made on December 2, 2002, at which time the employee terminated employment. The overpayment calculations are as follows:

	<b>2002</b>	<b>2001</b>	<b>Total</b>
Leave hours paid	128.0	215.5	343.5
Leave hours earned	<u>56.0</u>	<u>64.0</u>	<u>120.0</u>
Leave hours overpaid	72.0	151.5	223.5
Hourly rate	\$8.65	\$8.28	
Overpayment Calculations:			
(72X\$8.65) and (151.5X\$8.28)	\$622.80	\$1,254.42	\$1,877.22
Compensation Overpayment:			
Rate paid – correct rate = overpayment			
\$8.65 - \$8.57 = \$.08X658 hours		\$52.64	<u>52.64</u>
Total Overpayment			\$1,929.86
Less Amount Repaid			<u>(150.00)</u>
Finding amount			<u><u>\$1,779.86</u></u>

In accordance with the foregoing facts, a Finding for Recovery for compensation paid but not earned, is hereby rendered against, Nancy Centers, former employee, in the amount of One thousand seven hundred seventy nine dollars and eighty six cents (\$1,779.86), and in favor of the Perry Township Treasury Fire Fund.

**FINDING NUMBER 2002-002**

**Perry Township minutes dated December 29, 1998**, included the adoption of the sick and vacation leave policy for dispatchers. The policy allows one sick day for each 600 hours worked, and 40 hours vacation leave for full-time dispatchers.

During the years 2002 and 2001, payroll records indicated that leave time was taken in excess of the amount of time earned, or allowed for Sherran Owens. For 2002, a total of 786 hours were worked which would be 8 hours of earned sick leave and 40 hours of vacation; however, 104 hours were paid. For 2001, a total of 1,259 hours were worked which would be 16 hours of earned sick leave and 40 hours of vacation; however, 184 hours were paid. This results in a total of 184 hours in compensation overpayment for both years. In addition, for the first six months of the year 2002, an incorrect salary rate of \$8.00 was used to calculate the payroll prior to submission to the clerk rather than the correct salary rate of \$7.80 which resulted in an overpayment in wages of \$50.30. The employee was advised of the overpayments and an agreed upon payment plan was devised. One payroll deduction of \$20 was made on November 4, 2002 and two payments of \$40 each were made on December 2, and December 27, 2002, at which time the employee terminated employment. The overpayment calculations are as follows:

	<b>2002</b>	<b>2001</b>	<b>Total</b>
Leave hours paid	104	184	288
Leave hours earned	<u>48</u>	<u>56</u>	<u>104</u>
Leave hours overpaid	56	128	184
Hourly rate	\$8.00	\$7.50	
Leave overpayment calculations: (56X\$8.00) and (128X\$7.50)	\$448.00	\$960.00	\$1,408.00
Compensation Overpayment: Rate paid – correct rate = overpayment \$8.00 - \$7.80 = \$.20X251.5 hours		\$50.30	<u>50.30</u>
Total Overpayment			<u>\$1,458.30</u>
Less Amount Repaid			<u>(100.00)</u>
Finding amount			<u>\$1,358.30</u>

In accordance with the foregoing facts, a Finding for Recovery for wages paid but not earned, is hereby rendered against, Sherran Owens, former employee, in the amount of One thousand three hundred fifty eight dollars and thirty cents (\$1,358.30), and in favor of the Perry Township treasury Fire Fund.

**FINDING NUMBER 2002-003**

**Lease Purchase Agreement**

**Ohio Rev, Code 5549.02**, prior to 1999, authorized boards of township trustees to “enter into leases which include an option to purchase machinery, tools trucks and other equipment for use in constructing, maintaining and repairing roads,” and set forth payment requirements for such purchases. Effective September 20, 1999, the General Assembly deleted this language from this section and also deleted language that authorized a township to purchase road equipment by installment payments. These changes were noted in Ohio Attorney General Opinion 2000-19 which stated “neither Ohio Rev. Code 5549.21, nor any other statute of which we are aware currently grants a board of township trustees the authority to acquire road work equipment by means of a lease with option to purchase or installment purchase agreement. The Opinion concluded that, accordingly, the township did not have the authority to acquire road equipment through a lease purchase agreement.

A lease purchase agreement was entered into for a John Deere backhoe during 2001. The payments made on the lease purchase agreement represent 25 percent of the Road and Bridge Fund expenditures each year.

Failure to comply with this opinion resulted in the Township entering into unallowable debt. The Opinion should be reviewed and the Township should take action to obtain allowable debt.

**FINDING NUMBER 2002-004**

**Issuance of Amended Official Certificates of Estimated Resources**

**Ohio Rev. Code Section 5705.36**, allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

The Township did not obtain an amended certificate in the year 2002 and 2001 for several funds to account for actual revenue being less than the amount contained in the official certificate of estimated resources, which led to the deficiencies in revenue reducing available resources below the current level of appropriation. In addition, an amended certificate was not obtained in the year 2002 or 2001 to account for actual revenue being greater than the certified amount in several funds. The excess revenue was not appropriated, however, it was expended.

Actual receipts compared to budgeted receipts in non-compliance are as follows:

<b>2002</b>		<b>Estimated Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
	<b>Fund</b>			
	General Fund	\$372,716	\$354,250	(\$18,466)
	Motor Vehicle License Tax Fund	20,627	18,605	(2,022)
	Road and Bridge Fund	75,347	71,204	(4,143)
	Fire Fund	361,709	369,953	8,244
	Enforcement and Education	22,753	13,440	(9,313)
	Lighting District Assessment	3,807	3,987	180
<b>2001</b>		<b>Estimated Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
	<b>Fund</b>			
	General Fund	\$384,883	\$337,226	(\$47,657)
	Motor Vehicle License Tax Fund	19,261	18,770	(491)
	Gasoline Fund	56,755	44,963	(11,792)
	Fire Fund	301,000	399,430	98,430
	Enforcement and Education	1,191	20,017	18,826
	Lighting District Assessment	3,681	3,922	241

The failure to obtain an amended certificate for increases and decreases in revenue, and making corresponding amendments to appropriations, could result in expenditures being made in excess of available balances and additional revenue expended without authorization.

An amended certificate of estimated resources should be obtained whenever it is determined that the revenue to be collected will be greater or less than the amount certified in the previously issued certificate of estimated resources.

#### **FINDING NUMBER 2002-005**

##### **Advances**

During 2002 and 2001, advances were made from the General Fund to the Enforcement and Education Fund because the revenue for enforcement and education had been incorrectly posted to the General Fund. Audit adjustments were made to report the enforcement and education revenue in the correct fund which resulted in the reduction of actual advances to the Enforcement and Education Fund to \$1,535 and \$12,168, for 2002 and 2001, respectively. These advances represent 18 percent of the 2002 general fund balance.

There was no evidence of intended repayment or a timeframe for repayment of these advances. The fund balances should be reviewed to determine if these advances should be converted to transfers or if the advances should be repaid to the general fund and, if so, a time frame established for repayment.

If the Trustees determine that they wish to change these advances to transfers (repayment is no longer expected) the following procedures should be followed:

- the necessary formal procedures for approval of the transfer should be completed including, if necessary, approval of the commissioner of tax equalization and of the court of common pleas;
- the transfer should be formally recorded on the records of the subdivision;
- and the entries recording the cash advance should be reversed.

In addition, Auditor of State Bulletin 97-003, which sets forth the requirements for inter-fund advances and provides additional guidance for recording such transactions, should be reviewed to provide guidance on the proper use of advances and the associated accounting treatment.

#### **FINDING NUMBER 2002-006**

##### **Fire Department Payroll Time and Summary Sheets**

In 2002 and 2001, the fire department completed weekly time sheets, from which a bi-weekly summary sheet was prepared. The information posted on weekly time sheets did not always agree with information included on the bi-weekly summary sheets. In addition, holidays, leave time used and overtime hours worked were not clearly identified on either the time sheets or the summary sheets.

Failing to review and reconcile information between time and summary sheets allows errors to occur in compensation calculations. Also, the failure to have a time sheet form that allows the specific identification of overtime worked, holidays, sick and vacation leave taken has led to discrepancies in hours compensated. During the period under audit, the lack of monitoring procedures over this process led to overcompensation of leave time for some employees.

The Trustees should develop and adopt appropriate procedures to ensure that all time worked is properly documented and approved. The Clerk should recalculate all time sheets and seek explanations for any discrepancies. Employees should only be compensated for actual hours worked or leave time earned.

**PERRY TOWNSHIP  
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2000-40202-01	Finding Repaid During Audit	Yes	Repaid during the 2000/ 1999 audit
2000-40202-02	Amended Certificates of Estimated Resources	No	Repeated
2000-40202-03	Appropriations Exceeding Total Estimated Resources	Improvement Noted	Repeated in Management Letter
2000-40202-04	Prior Certification	Yes	No material problems noted in testing





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**PERRY TOWNSHIP**

**ALLEN 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  
JULY 15, 2003**