

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

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2003 & 2004

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



**Auditor of State
Betty Montgomery**

Board of Trustees
Perry Township, Richland County
2025 Coursen Road
Bellville, Ohio 44813

We have reviewed the *Report of Independent Accountants* of Perry Township, Richland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2003 to December 31, 2004. 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, Richland County, is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

July 6, 2005

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**PERRY TOWNSHIP
RICHLAND COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2003 and 2004**

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

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Perry Township
Bellville, Ohio 44813

We have audited the accompanying financial statements of the Perry Township (Township), as of and for the years ended December 31, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on a 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 cash, investments and fund cash balances as of December 31, 2003 and 2004, and its combined statement of cash receipts, disbursements, and changes in fund cash balances, its combined statement of receipts-budget and actual and combined statement of disbursements and encumbrances compared with expenditure authority for the years then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 8, 2005 on the consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
March 8, 2005

PERRY TOWNSHIP
RICHLAND COUNTY
COMBINED STATEMENT OF CASH, INVESTMENTS AND FUND
CASH BALANCES - ALL FUND TYPES
As of December 31, 2003 & 2004

	<u>2003</u> <u>Balance</u>	<u>2004</u> <u>Balance</u>
Cash and Cash Equivalents	\$ <u>418,466</u>	\$ <u>487,300</u>
	\$ <u><u>418,466</u></u>	\$ <u><u>487,300</u></u>

CASH BALANCES BY FUND CLASS

<u>Governmental Fund Types:</u>	<u>2003</u>	<u>2004</u>
General Fund	\$ 29,976	\$ 36,993
Special Revenue Funds	383,045	444,862
Capital Projects Funds	<u>5,445</u>	<u>5,445</u>
Total	\$ <u><u>418,466</u></u>	\$ <u><u>487,300</u></u>

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

PERRY TOWNSHIP
 RICHLAND COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
 FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
<i>Cash Receipts:</i>				
Taxes	\$ 18,117	\$ 190,141	-	\$ 208,258
Intergovernmental	42,616	76,127	-	118,743
Interest	2,237	358	-	2,595
Other	864	6,471	-	7,335
Total Cash Receipts	63,834	273,097	-	336,931
<i>Cash Disbursements:</i>				
General Government	53,210	10,513	-	63,723
Public Safety	-	30,179	-	30,179
Public Works	-	191,248	-	191,248
Capital Outlay	539	187	-	726
Total Cash Disbursements	53,749	232,127	-	285,876
Total Cash Receipts Over (Under) Cash Disbursements	10,085	40,970	-	51,055
<i>Other Financing Sources:</i>				
Other Financing Sources	305	-	-	305
Excess of Cash Receipts and Other Sources Over/(Under) Cash Disbursements	10,390	40,970	-	51,360
Fund Cash Balance, January 1, 2003	19,586	342,075	\$ 5,445	367,106
Fund Cash Balance, December 31, 2003	\$ 29,976	\$ 383,045	\$ 5,445	\$ 418,466

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

PERRY TOWNSHIP
RICHLAND COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
<i>Cash Receipts:</i>				
Taxes	\$ 19,013	\$ 201,075	-	\$ 220,088
Intergovernmental	39,071	89,874	-	128,945
Interest	3,085	564	-	3,649
Other	1,099	4,612	-	5,711
Total Cash Receipts	62,268	296,125	-	358,393
<i>Cash Disbursements:</i>				
General Government	52,201	9,736	-	61,937
Public Safety	-	30,996	-	30,996
Public Works	-	171,265	-	171,265
Capital Outlay	3,050	22,311	-	25,361
Total Cash Disbursements	55,251	234,308	-	289,559
Total Cash Receipts Over (Under)				
Cash Disbursements	7,017	61,817	-	68,834
Fund Cash Balance, January 1, 2004	29,976	383,045	\$ 5,445	418,466
Fund Cash Balance, December 31, 2004	\$ 36,993	\$ 444,862	\$ 5,445	\$ 487,300

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

**PERRY TOWNSHIP
 RICHLAND COUNTY
 COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
 FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2004**

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<u>2003</u>			
Governmental Funds:			
General Fund	\$ 63,900	\$ 64,139	\$ 7,930
Special Revenue Funds	255,048	273,097	59,019
Capital Project Funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total (Memorandum Only)	\$ 318,948	\$ 337,236	\$ 66,949
	<hr/>	<hr/>	<hr/>
<u>2004</u>			
Governmental Funds:			
General Fund	\$ 56,209	\$ 62,268	\$ (1,632)
Special Revenue Funds	214,078	296,125	41,077
Capital Project Funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total (Memorandum Only)	\$ 270,287	\$ 358,393	\$ 39,445
	<hr/>	<hr/>	<hr/>

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

PERRY TOWNSHIP
 RICHLAND COUNTY
 COMBINED STATEMENT OF DISBURSEMENTS AND
 ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
 FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2004

<u>Fund Types/Funds</u>	<u>Carryover Appropriations</u>	<u>Year Ending Appropriations</u>	<u>Total</u>	<u>Actual Disbursements</u>	<u>Encumbrances Year End</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
<u>2003</u>							
Governmental Funds:							
General Fund	\$ -	\$ 79,600	\$ 79,600	\$ 53,749	\$ -	\$ 53,749	\$ 25,851
Special Revenue Funds	-	597,119	597,119	232,127	-	232,127	364,992
Capital Project Fund	-	5,445	5,445	-	-	-	5,445
	-----	-----	-----	-----	-----	-----	-----
Total (Memorandum Only)	\$ -	\$ 682,164	\$ 682,164	\$ 285,876	\$ -	\$ 285,876	\$ 396,288
	=====	=====	=====	=====	=====	=====	=====
<u>2004</u>							
Governmental Funds:							
General Fund	\$ -	\$ 86,185	\$ 86,185	\$ 55,251	\$ -	\$ 55,251	\$ 30,934
Special Revenue Funds	-	638,491	638,491	234,308	-	234,308	404,183
Capital Project Fund	-	5,445	5,445	-	-	-	5,445
	-----	-----	-----	-----	-----	-----	-----
Total (Memorandum Only)	\$ -	\$ 730,121	\$ 730,121	\$ 289,559	\$ -	\$ 289,559	\$ 440,562
	=====	=====	=====	=====	=====	=====	=====

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

PERRY TOWNSHIP
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2003 and 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

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

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

B. BASIS OF ACCOUNTING

The Township prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

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

C. INTERIM FUND INVESTMENTS

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

D. FUND ACCOUNTING

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

PERRY TOWNSHIP
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2003 and 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Governmental Fund Types:

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

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

- Motor Vehicle License Tax
- Gasoline Tax
- Road And Bridge Fund
- Fire District Fund
- Road District Fund
- Permissive Sales Tax Fund

Capital Project Fund: This fund is used to account for the financial resources to be used for the acquisition or construction of major capital facilities. The Township has the following significant Capital Projects Fund:

- Permanent Improvement Fund

E. BUDGETARY PROCESS

1. Budget

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

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 the annual appropriation measure.

**PERRY TOWNSHIP
 RICHLAND COUNTY, OHIO
 Notes to the Financial Statements
 For the Years Ended December 31, 2003 and 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

E. BUDGETARY PROCESS – (continued)

3. 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 appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

4. 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.

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.

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 CASH EQUIVALENTS

The Township maintains a sweep account with all cash invested when not needed to meet expenditures. This account is used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investment pool at December 31 was as follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	\$ (11,535)	\$ (21,154)
Repurchase Agreements	<u>498,835</u>	<u>439,620</u>
Total Deposits and Investments	\$ <u>487,300</u>	\$ <u>418,466</u>

PERRY TOWNSHIP
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2003 and 2004

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

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

3. PROPERTY TAX

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

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as Intergovernmental Receipts.

Public utilities are also taxed on personal and real property located within the Township.

The property owners, who must file a list of such property to the County by each April 30, assess tangible personal property tax.

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

4. DEFINED BENEFIT PENSION PLAN

The Ohio Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit pension plan. OPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

**PERRY TOWNSHIP
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2003 and 2004**

4. DEFINED BENEFIT PENSION PLAN - (continued)

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement. For local government employer units the rate was 13.55% of covered payroll. The Township has paid all contributions required through December 31, 2004.

5. RISK MANAGEMENT

The Township is exposed to various risks of loss related torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal years 2003 and 2004, the Township contracted with Ohio Government Risk Management Plan for coverage of buildings and contents.

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

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

Separate bonds cover the Township Trustees and Clerk.

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

6. SUBSEQUENT EVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

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

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

Board of Trustee
Perry Township
Bellville, Ohio

We have audited the financial statements of Perry Township, Richland County Ohio (the Township) as of and for the years ended December 31, 2003 and 2004, and have issued our report thereon dated March 8, 2005. 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.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud 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.

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

Charles E. Harris & Associates, Inc.
March 8, 2005

STATUS OF PRIOR YEAR'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the years ended December 31, 2001 and 2002 did not include material citations or recommendations.



**Auditor of State
Betty Montgomery**

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PERRY TOWNSHIP

RICHLAND COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 04, 2005**