

**PERRY TOWNSHIP
FAYETTE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2004-2003

**Vanessa L. Blevins
Certified Public Accountant**



**Auditor of State
Betty Montgomery**

Board of Trustees
Perry Township, Fayette County
11 Zimmerman Rd.
Washington CH, OH 43160

We have reviewed the *Independent Accountants' Report* of Perry Township, Fayette County, prepared by Vanessa L. Blevins, CPA, 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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, Fayette 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

February 13, 2006

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PERRY TOWNSHIP
FAYETTE COUNTY

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VANESSA L. BLEVINS
Certified Public Accountant

INDEPENDENT ACCOUNTANTS' REPORT

Perry Township
Fayette County
11 Zimmerman Road
Washington Courthouse, Ohio 43160

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Fayette County, Ohio, (the Township) as of and for the years ended December 31, 2004 and December 31, 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat it statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or its changes in financial position or cash flows of its proprietary funds for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Perry Township, Fayette County, Ohio, as of December 31, 2004 and December 31, 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2005 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. 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.

Vanessa L. Blevins
Certified Public Accountant

November 19, 2005

**PERRY TOWNSHIP
FAYETTE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$16,663	\$35,210	\$0	\$51,873
Intergovernmental	15,673	77,222	0	92,895
Licenses, Permits, and Fees	0	0	0	0
Earnings on Investments	2,091	1,919	40	4,050
Other Revenue	4,446	9,052	0	13,498
	<u>38,873</u>	<u>123,402</u>	<u>40</u>	<u>162,315</u>
Total Cash Receipts				
	<u>38,873</u>	<u>123,402</u>	<u>40</u>	<u>162,315</u>
Cash Disbursements:				
Current:				
General Government	96,486	0	0	96,486
Public Safety	406	20,064	0	20,470
Public Works	0	141,074	0	141,074
Health	9,734	0	0	9,734
Supplies and Materials	0	0	0	0
Capital Outlay	0	0	0	0
	<u>106,626</u>	<u>161,138</u>	<u>0</u>	<u>267,765</u>
Total Cash Disbursements				
	<u>106,626</u>	<u>161,138</u>	<u>0</u>	<u>267,765</u>
Total Receipts Over/(Under) Disbursements	<u>(67,753)</u>	<u>(37,736)</u>	<u>40</u>	<u>(105,449)</u>
Fund Cash Balances, January 1	<u>157,933</u>	<u>262,757</u>	<u>10,195</u>	<u>430,886</u>
Fund Cash Balances, December 31	<u>\$90,180</u>	<u>\$225,021</u>	<u>\$10,235</u>	<u>\$325,436</u>

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

**PERRY TOWNSHIP
FAYETTE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary funds</u>	
Cash Receipts:				
Local Taxes	\$16,252	\$35,404	\$0	\$51,656
Intergovernmental	19,775	55,624	0	75,399
Licenses, Permits, and Fees	0	0	0	0
Earnings on Investments	1,844	1,734	60	3,638
Other Revenue	1,648	387	0	2,035
	<u>39,518</u>	<u>93,148</u>	<u>60</u>	<u>132,727</u>
Total Cash Receipts				
	<u>39,518</u>	<u>93,148</u>	<u>60</u>	<u>132,727</u>
Cash Disbursements:				
Current:				
General Government	54,581	0	0	54,581
Public Safety	10,890	16,641	0	27,532
Public Works	0	29,520	0	29,520
Health	3,915	0	0	3,915
Supplies and Materials	0	0	0	0
Capital Outlay	0	0	0	0
	<u>69,386</u>	<u>46,161</u>	<u>0</u>	<u>115,547</u>
Total Cash Disbursements				
	<u>69,386</u>	<u>46,161</u>	<u>0</u>	<u>115,547</u>
Total Receipts Over/(Under) Disbursements	<u>(29,868)</u>	<u>46,987</u>	<u>60</u>	<u>17,180</u>
Fund Cash Balances, January 1	<u>187,801</u>	<u>215,770</u>	<u>10,135</u>	<u>413,706</u>
Fund Cash Balances, December 31	<u><u>\$157,933</u></u>	<u><u>\$262,757</u></u>	<u><u>\$10,195</u></u>	<u><u>\$430,886</u></u>

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

**PERRY TOWNSHIP
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Perry Township, Fayette 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 road and bridge maintenance, cemetery maintenance, fire protection and medical services. The Township contracts with the City of Greenfield for ambulance services and with the City of Greenfield, Concord Township and Green Townships to provide fire services.

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 Clerk deposits all available funds of the Township. Township funds are deposited in two "NOW" checking account and Certificates of Deposit with local commercial banks. Certificates of Deposit are valued at cost. Interest earnings are distributed to Township funds based upon the Ohio Constitution.

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:

**PERRY TOWNSHIP
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Motor Vehicle License Tax Fund – This fund receives motor vehicle tax money for constructing, maintaining and repairing Township roads.

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

Road and Bridge Fund – This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Fire District Fund – This fund receives tax and intergovernmental money for fire protection contracts and other related expenses.

Permissive Motor Vehicle License Fund – This fund receives tax money to pay for constructing, maintaining and repairing Township roads.

3. Fiduciary Funds (Trust Funds)

These funds are 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 Funds:

Expendable Trust Fund: Eyman Trust

Proceeds earned from the Eyman funds are used according to the trust agreement in the cemetery.

Nonexpendable Trust Fund

Proceeds from the Zimmerman and Cemetery funds are used according to the trust agreement in the cemetery.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. Appropriations lapse at year end.

**PERRY TOWNSHIP
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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.

A summary of 2004 and 2003 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a deposit 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:

	2004	2003
Demand deposits	\$107,658	\$119,270
Certificates of deposit	217,778	311,616
Total deposits	325,436	430,886

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and December 31, 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$44,940	\$38,873	(\$6,067)
Special Revenue	108,932	123,402	14,470
Fiduciary	3,040	40	(3,000)
Total	\$156,912	\$162,315	\$5,403

**PERRY TOWNSHIP
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$185,814	\$106,626	\$79,188
Special Revenue	365,687	161,138	204,549
Fiduciary	6,276	0	6,276
Total	<u>\$557,777</u>	<u>\$267,764</u>	<u>\$290,013</u>

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,580	\$39,518	(\$6,062)
Special Revenue	91,580	93,148	1,568
Fiduciary	6,775	60	(6,715)
Total	<u>\$143,935</u>	<u>\$132,726</u>	<u>(\$11,209)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$249,811	\$69,386	\$180,425
Special Revenue	289,035	46,161	242,874
Fiduciary	6,215	0	6,215
Total	<u>\$545,061</u>	<u>\$115,547</u>	<u>\$429,514</u>

The Township did not obtain prior certification of the fiscal officer for purchases nor were commitments encumbered as required by Ohio law.

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.

**PERRY TOWNSHIP
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

5. RETIREMENT SYSTEMS

The Township's officers and other employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS 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 2004 and 2003, members of OPERS 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, 2004.

6. RISK POOL MEMBERSHIP

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$10,000 on any specific loss. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**PERRY TOWNSHIP
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. RISK POOL MEMBERSHIP(continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2004 and 2003:

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$ 30,687,203	\$ 27,792,223
Liabilities	(13,640,962)	(11,791,300)
Retained Earnings	\$ 17,046,241	\$ 16,000,923

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$ 7,799,073	\$ 6,791,060
Liabilities	(753,906)	(750,956)
Retained Earnings	\$ 7,045,167	\$ 6,040,104

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

Perry Township
Fayette County
201 Greenfield-Sabina Road
Greenfield, Ohio 45123

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Fayette County, Ohio (the Township) as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated November 19, 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.

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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings item 2004-001.

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 matters involving the internal control over financial reporting and its operating 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 affect the Townships ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings items 2004-001 and 2004-002. 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated November 19, 2005.

Perry Township
Fayette County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

VANESSA L. BLEVINS
Certified Public Accountant

November 19, 2005

**PERRY TOWNSHIP
FAYETTE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

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

FINDING NUMBER 2004-001

Noncompliance Citation/Reportable Condition

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation 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. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This Section also provides for two exceptions to the above requirements:

1. 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, the Board of 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.
2. If the amount involved is less than \$1,000 dollars (this has changed to \$3,000 effective 1/1/03), the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

Of the expenditures tested, 100% did not contain prior certification or a then and now certification of the fiscal officer. The Clerks certification is not only required by Ohio Law, but is also a key control in the disbursement process. Failure to properly certify funds could result in overspending funds. Every effort should be made by the Township to certify the availability of funds and properly utilize the encumbrance method of accounting.

FINDING NUMBER 2004-002

Reportable Condition

During our review of the monthly bank reconciliations, we noted that:

- Many receipts were misclassified or were not posted to the books, resulting in numerous audit adjustments and reclassifications. Also, instances were noted in which receipts were not posted in a timely manner.
- There were several instances in which posted transactions were voided and re-entered several times over in an effort to balance the account, resulting in some transactions not being posted at all. Additionally, these system adjustments were made to the Township's computerized accounting system without appropriate supporting documentation.

FINDING NUMBER 2004-002
(continued)

Reportable Condition (continued)

- There was no documented review and approval of the monthly bank reconciliations by management.

Although monthly reconciliations are being performed, numerous instances of receipts and expenditures having been incorrectly posted have resulted in certain line items being misstated. Misstated financial statements are unreliable, do not accurately represent the activities of the Township, and resulted in increased audit cost. It is recommended that the fiscal officer of the Township exercise due care when posting transactions, both receipts and expenditures, to the Township's books. The Clerk should refer to the applicable revenue and expenditure account number structures of the Uniform Account Network manual. Additionally, we recommend the Township reconcile all their accounts to the total fund cashbook balance on a monthly basis. Any variances should be immediately investigated and documented. We also recommend this monthly reconciliation be reviewed for any discrepancies and approved by the Trustees when the review is completed. Reconciliations are an effective tool to help management determine the completeness of recorded transactions and verify that all recorded transactions have been deposited with the financial institution in a timely manner. This can help to hinder any misappropriation of funds and detect any errors which may have occurred on the books or by the bank. Also, by having someone other than the Clerk review the bank reconciliations, errors can be detected and corrected in a timely manner.

**PERRY TOWNSHIP
FAYETTE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-40624-001	ORC, Section 5705.41(D) – 53% of the expenditures tested did not contain prior certification or a then and now certification of the fiscal officer.	No	Not Corrected. Reported as finding 2004-001.
2002-40624-002	ORC, Section 5747.07(B)(4) - State income tax withholding taxes were not remitted timely in 2001	Yes	Corrected. Taxes are now being remitted timely
2002-40624-003	Missclassification of receipts, many voided and re-posted receipts, no documented review and approval of monthly bank reconciliations	No	Not Corrected. Reported as finding 2004-002.



**Auditor of State
Betty Montgomery**

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PERRY TOWNSHIP

FAYETTE 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
FEBRUARY 28, 2006**