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*ALGER & ASSOCIATES, LLC*



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PERRY TOWNSHIP  
COSHOCTON COUNTY, OHIO

**A&A**  
REGULAR AUDIT

For The Years  
Ended December 31, 2009-2008





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Perry Township  
19849 Township Road 383  
Walhonding, Ohio 43843

We have reviewed the *Independent Accountants' Report* of Perry Township, Coshocton County, prepared by Alger and Associates, LLC, for the audit period January 1, 2008 through December 31, 2009. 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 is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

June 29, 2010

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**PERRY TOWNSHIP  
COSHOCOTON COUNTY**

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# ALGER & ASSOCIATES, LLC

Certified Public Accountants

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## INDEPENDENT ACCOUNTANTS' REPORT

Perry Township  
Coshocton County  
19849 TR 383  
Walhonding, Ohio 43843

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Coshocton County, (the Township) as of and for the years ended December 31, 2009 and 2008. 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 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 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2009 and 2008 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, 2009 and 2008, or its changes in financial position for the years then ended.

6927 Burgundy Ave. N.W.  
North Canton, OH 44720  
(330) 350-2553

542 Ablemarle Circle  
Delaware, OH 43015  
(740) 816-2961

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Perry Township, Coshocton County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 June 7, 2010, 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*. You should read it in conjunction with this report in assessing the results of our audit.

**Alger & Associates, LLC**  
June 7, 2010

**PERRY TOWNSHIP  
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 24,869	\$ 2,118	\$ 26,987
Intergovernmental	32,211	95,515	127,726
Earnings on Investments	190	359	549
Miscellaneous	8,352	0	8,352
	<u>65,622</u>	<u>97,992</u>	<u>163,614</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	41,651	7,882	49,533
Public Safety	0	123,646	123,646
Debt Service:			
Redemption of Principal	0	8,623	8,623
Interest and Other Fiscal Charges	0	935	935
	<u>41,651</u>	<u>141,086</u>	<u>182,737</u>
<b>Total Cash Disbursements</b>			
<b>Total Receipts Over/(Under) Disbursements</b>	<u>23,971</u>	<u>(43,094)</u>	<u>(19,123)</u>
<b>Fund Cash Balances, January 1</b>	<u>2,454</u>	<u>56,554</u>	<u>59,008</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 26,425</u>	<u>\$ 13,460</u>	<u>\$ 39,885</u>

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

**PERRY TOWNSHIP  
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 32,425	\$ 2,072	\$ 34,497
Earnings on Investments	360	829	1,189
Intergovernmental	<u>15,034</u>	<u>98,782</u>	<u>113,816</u>
 Total Cash Receipts	 <u>47,819</u>	 <u>101,683</u>	 <u>149,502</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	47,861	0	47,861
Public Works	0	124,402	124,402
Debt Service:			
Redemption of Principal	3	8,620	8,623
Interest and Other Fiscal Charges	<u>0</u>	<u>1,280</u>	<u>1,280</u>
 Total Cash Disbursements	 <u>47,864</u>	 <u>134,302</u>	 <u>182,166</u>
 Total Receipts (Under) Disbursements	 (45)	 (32,619)	 (32,664)
<b>Fund Cash Balances, January 1</b>	<u>2,499</u>	<u>89,173</u>	<u>91,672</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 2,454</u>	<u>\$ 56,554</u>	<u>\$ 59,008</u>

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

**PERRY TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**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 three publicly - elected Trustees. The Township provides road and bridge maintenance. The Township contracts with the Walhonding Valley Fire District to provide fire services and Emergency Medical Services, Inc. to provide ambulance services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**B. Accounting Basis**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, 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 of Ohio.

**C. Deposits and Investments**

The Township's accounting basis includes investments as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

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

**PERRY TOWNSHIP  
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**D. Fund Accounting (Continued)**

Road and Bridge Fund - The Road and Bridge Fund receives property tax monies for operating, constructing, maintaining and repairing Township roads and bridges

**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 Coshocoton County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year-end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The Coshocoton County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are canceled, and re-appropriated in the subsequent year.

A summary of 2009 and 2008 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 DEPOSITS AND INVESTMENTS**

The Township maintains a deposits and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments.

**PERRY TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS – (Continued)**

The carrying amount of deposits and investments at December 31, 2009 and 2008 was as follows:

	<u>2008</u>	<u>2009</u>
Demand Deposits	\$59,008	\$39,885

**Deposits** - The Township's deposits are insured by the Federal Deposit Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$62,563	\$65,622	\$3,059
Special Revenue	169,967	97,992	(\$71,975)
Total	\$232,530	\$163,614	(\$68,916)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$49,033	\$41,651	\$7,382
Special Revenue	169,967	141,086	\$28,881
Total	\$219,000	\$182,737	\$36,263

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$63,125	\$47,819	(\$15,306)
Special Revenue	178,685	101,683	(\$77,002)
Total	\$241,810	\$149,502	(\$92,308)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$47,864	\$47,864	\$0
Special Revenue	134,302	134,302	0
Total	\$182,166	\$182,166	\$0

**PERRY TOWNSHIP  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**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 payment, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to Coshocton 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, 2009 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$17,246.24	3.95%

The Township issued general obligation notes in the amount of \$60,362 to finance the purchase of a tractor for Township road maintenance. The note is secured by the tractor.

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

Year Ending December 31:	General Obligation Notes
2010	\$ 9,220
2011	<u>8,879</u>
	\$18,099

**6. RETIREMENT SYSTEM**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare, and survivor and disability benefits to participants.

Contribution rates are also prescribed by the Ohio Revised Code. For 2009 and 2008, OPERS members contributed 10% of their gross salaries. For 2009 and 2008, the Township contributed an amount equal to 14% of participants' gross salaries for OPERS members. The Township has paid all contributions required through December 31, 2009.

**7. RISK POOL MANAGEMENT**

The Township is exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**PERRY TOWNSHIP  
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**7. RISK POOL MANAGEMENT – (Continued)**

The Township belongs to the Ohio Government Risk Management Plan (the “Plan”), a non-assessable unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments (“Members”).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member’s needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member’s deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past five fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: (based on the latest information available)

	<u>2008</u>	<u>2007</u>
Assets	\$10,471,000	\$1,1136,455
Liabilities	<u>(5,270,000)</u>	<u>(4,237,553)</u>
Members Equity	<u>\$ 5,184,000</u>	<u>\$ 6,862,902</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

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# ALGER & ASSOCIATES, LLC

Certified Public Accountants

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## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Perry Township  
Coshocton County  
19849 TR 383  
Walhonding, Ohio 43843

To the Board of Trustees:

We have audited the financial statements of Perry Township, Coshocton County, (the Township) as of and for the year ended December 31, 2009 and 2008, and have issued our report thereon dated June 7, 2010 wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 7, 2010.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the Board of Trustees, the Auditor of State of Ohio, and others within the Township. We intend it for no one other than these specified parties.

**Alger & Associates, LLC**  
June 7, 2010

**PERRY TOWNSHIP  
COSHOCOTON COUNTY**

**SCHEDULE OF FINDING  
DECEMBER 31, 2009 AND 2008**

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

**FINDING NUMBER 2009-001**

**Financial Reporting**

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. As a result of the audit procedures performed, errors were noted in the financial statements that required audit reclassifications. The audited financial statements reflect these reclassifications

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, we recommend Township implement sufficient control procedures over the financial reporting process in order to enable management to prevent and detect potential misstatements in the financial statements and footnotes. The Fiscal Officer should review the Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township.

**Client's Response:**

The Elected Officials have indicated they are going to review the findings and implement any necessary procedures to avoid these in the future.

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**PERRY TOWNSHIP  
COSHOCTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
YEARS ENDING DECEMBER 31, 2007 AND 2006**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2007-001	<b>Ohio Revised Code Section 505.601 – Finding For Recovery – Improper Payments for Insurance Reimbursements</b>	Yes	
2007-002	<b>Ohio Rev. Code Section 5705.41 (D) – 505.602 - Finding For Recovery – Improper Payments for Insurance Coverage</b>	Yes	





Mary Taylor, CPA  
Auditor of State

PERRY TOWNSHIP  
COSHOCOTON 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 13, 2010