



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



PERRY TOWNSHIP  
WOOD COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Perry Township  
Wood County  
2569 Stearns Road  
Fostoria, Ohio 44830-9749

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township (the Township) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Perry Township  
Wood County  
Report of Independent Accountants  
Page 2

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

**Jim Petro**  
Auditor of State

March 6, 2002

**PERRY TOWNSHIP  
WOOD 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$27,537	\$97,276		\$124,813
Intergovernmental	69,958	99,151		169,109
Licenses, Permits, and Fees	3,105			3,105
Earnings on Investments	5,064	501		5,565
Other Revenue	11,802			11,802
	<u>117,466</u>	<u>196,928</u>		<u>314,394</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	55,488	524		56,012
Public Safety		28,750		28,750
Public Works	18,487	111,681		130,168
Health	6,623			6,623
Debt Service:				
Redemption of Principal			\$14,378	14,378
Interest and Fiscal Charges			384	384
Capital Outlay	17,262	39,682		56,944
	<u>97,860</u>	<u>180,637</u>	<u>14,762</u>	<u>293,259</u>
Total Receipts Over/(Under) Disbursements	<u>19,606</u>	<u>16,291</u>	<u>(14,762)</u>	<u>21,135</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Bonds		25,000		25,000
Transfers-In		3,600	14,762	18,362
Transfers-Out	(3,600)	(14,762)		(18,362)
	<u>(3,600)</u>	<u>13,838</u>	<u>14,762</u>	<u>25,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	16,006	30,129		46,135
Fund Cash Balances, January 1	83,707	92,566		176,273
<b>Fund Cash Balances, December 31</b>	<b><u>\$99,713</u></b>	<b><u>\$122,695</u></b>		<b><u>\$222,408</u></b>
Reserve for Encumbrances, December 31	<u>\$1,000</u>	<u>\$3,116</u>		<u>\$4,116</u>

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

**PERRY TOWNSHIP  
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$26,583	\$93,379		\$119,962
Intergovernmental	64,056	89,891		153,947
Licenses, Permits, and Fees	3,335			3,335
Earnings on Investments	7,465	1,436		8,901
Other Revenue	3,876	4,500		8,376
	<u>105,315</u>	<u>189,206</u>		<u>294,521</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	61,698	417		62,115
Public Safety		24,406		24,406
Public Works	15,435	131,719		147,154
Health	5,834			5,834
Debt Service:				
Redemption of Principal			\$11,212	11,212
Interest and Fiscal Charges			1,288	1,288
Capital Outlay	59,047	13,089		72,136
	<u>142,014</u>	<u>169,631</u>	<u>12,500</u>	<u>324,145</u>
Total Receipts Over/(Under) Disbursements	<u>(36,699)</u>	<u>19,575</u>	<u>(12,500)</u>	<u>(29,624)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In			12,500	12,500
Transfers-Out		(12,500)		(12,500)
		<u>(12,500)</u>	<u>12,500</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(36,699)	7,075		(29,624)
Fund Cash Balances, January 1	<u>120,406</u>	<u>85,491</u>		<u>205,897</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$83,707</u></b>	<b><u>\$92,566</u></b>		<b><u>\$176,273</u></b>
Reserve for Encumbrances, December 31				

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



**PERRY TOWNSHIP  
WOOD COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Perry Township, Wood 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. The Township contracts with the West Millgrove Volunteer Fire Department to provide fire services and the City of Fostoria, the Village of Bloomdale, and the Village of Bradner to provide ambulance 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**

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.

Investments in the State Treasurer's Asset Reserve (STAR Ohio) are recorded at share values as reported by STAR Ohio. Overnight repurchase agreements are recorded at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**PERRY TOWNSHIP  
WOOD COUNTY**

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

**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:

*Gasoline Tax Fund* - This fund receives gasoline tax money to pay 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.

**3. Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

*General Note Retirement Fund* - This fund received debt proceeds transferred from the special levy funds and made related payments for the purchase of a new fire truck.

**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 2001 and 2000 budgetary activity appears in Note 3.

**PERRY TOWNSHIP  
WOOD COUNTY**

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

**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:

	2001	2000
Demand deposits	\$39,791	\$27,443
STAR Ohio	94,191	31,080
Repurchase agreement	88,426	117,750
Total investments	182,617	148,830
Total deposits and investments	\$222,408	\$176,273

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

**Investments:** The Township's financial institution holds securities collateralizing repurchase agreements. The financial institution maintains records identifying the Township as owner.

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, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$103,139	\$117,466	\$14,327
Special Revenue	218,298	225,528	7,230
Debt Service	24,500	14,762	(9,738)
Total	\$345,937	\$357,756	\$11,819

**PERRY TOWNSHIP  
WOOD COUNTY**

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

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$186,845	\$102,460	\$84,385
Special Revenue	310,864	198,515	112,349
Debt Service	24,500	14,762	9,738
Total	<u>\$522,209</u>	<u>\$315,737</u>	<u>\$206,472</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$91,223	\$105,315	\$14,092
Special Revenue	185,963	189,206	3,243
Debt Service	12,500	12,500	
Total	<u>\$289,686</u>	<u>\$307,021</u>	<u>\$17,335</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$211,509	\$142,014	\$69,495
Special Revenue	227,878	182,131	45,747
Debt Service	12,500	12,500	
Total	<u>\$451,887</u>	<u>\$336,645</u>	<u>\$115,242</u>

**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.

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 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  
WOOD COUNTY**

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

**5. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Bond	\$25,000	4%

The general obligation bond was issued to finance the purchase of a new fire truck.

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

Year ending December 31:	General Obligation Bonds
2002	\$8,854
2003	8,854
2004	8,854
Total	\$26,562

**6. RETIREMENT SYSTEM**

The Township's officials and 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 are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000. The Township has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

**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 insurance 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 Insurance

OTARMA retains casualty risks up to \$250,000 per claim. 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, from the General Reinsurance Corporation.

**PERRY TOWNSHIP  
WOOD COUNTY**

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

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 Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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.

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 (latest information available):

<u>Casualty Coverage</u>	2000	1999
Assets	\$22,684,383	\$18,172,222
Liabilities	8,924,977	5,947,013
Retained earnings	\$13,759,406	\$12,225,209
<u>Property Coverage</u>	2000	1999
Assets	\$4,156,784	\$3,544,437
Liabilities	497,831	674,752
Retained earnings	\$3,658,953	\$2,869,685



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

Perry Township  
Wood County  
2569 Stearns Road  
Fostoria, Ohio 44830-9749

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 6, 2002. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 6, 2002.

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

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

**Jim Petro**  
Auditor of State

March 6, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**PERRY TOWNSHIP**

**WOOD 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  
APRIL 18, 2002**