

**PERU TOWNSHIP  
MORROW COUNTY**

**REGULAR AUDIT**

**JANUARY 1, 1998 - DECEMBER 31, 1999**

**PERU TOWNSHIP  
MORROW COUNTY**

**DECEMBER 31, 1999 AND DECEMBER 31, 1998**

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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Board of Trustees  
Peru Township  
Morrow County  
3751 Peru Township Rd. 21  
Marengo, Ohio 43334

We have reviewed the Independent Auditor's Report of the Peru Township , Morrow County County, prepared by Wilson, Shannon & Snow, Inc, for the audit period January 1, 1998 to December 31,1999. 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. The Peru Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

June 27, 2000



Board of Trustees  
Peru Township  
Morrow County  
3751 Peru Township Rd. 21  
Marengo, Ohio 43334

### Report of Independent Accountants

We have audited the accompanying financial statements of the Peru Township, Morrow County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 audits provide a reasonable basis for our opinion.

As described 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 of the Township, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts and grants.

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26, Ohio Revised Code. However, this report is a public record, and is available upon specific request.

*Wilson, Shannon & Snow, Inc.*

Newark, Ohio  
June 14, 2000

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**  
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**PERU TOWNSHIP  
MORROW COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	General	Special Revenue	(Memorandum Only) Total
Cash receipts:			
Local taxes	\$56,670	\$36,872	\$93,542
Intergovernmental	19,348	56,262	75,610
Charges for services	-	-	-
Fines, licenses, and permits	-	-	-
Interest Income	2,043	331	2,374
Miscellaneous	50	1,719	1,769
	78,111	95,184	173,295
Total cash receipts			
Cash disbursements:			
Current:			
Public Safety	166	23,659	23,825
Health	4,192	-	4,192
Public Works	475	57,387	57,862
General government	48,276	1,516	49,792
Debt Service:			
Redemption of principal	-	-	-
Interest	-	-	-
Capital outlay	1,071	15,682	16,753
	54,180	98,244	152,424
Total cash disbursements			
Total receipts over/(under) cash disbursements	23,931	(3,060)	20,871
Other financing receipts/(disbursements):			
Advances-in	-	-	-
Advances-out	-	-	-
	-	-	-
Total other financing receipts/(disbursements)			
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	23,931	(3,060)	20,871
Fund cash balances, January 1, 1999	32,866	29,662	62,528
Fund cash balances, December 31, 1999	\$56,797	\$26,602	\$83,399
Reserve for encumbrances, December 31, 1999	\$-	\$137	\$137

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

**PERU TOWNSHIP  
MORROW COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	General	Special Revenue	(Memorandum Only) Total
Cash receipts:			
Local taxes	\$68,867	\$41,426	\$110,293
Intergovernmental	23,270	50,035	73,305
Interest Income	1,354	349	1,703
Miscellaneous	6,364	5,959	12,323
Total cash receipts	99,855	97,769	197,624
Cash disbursements:			
Current:			
Public Safety	30,774	23,445	54,219
Public Works	4,000	62,416	66,416
General government	26,062	-	26,062
Debt Service			
Redemption of principal	-	-	-
Interest	-	-	-
Capital outlay	-	3,776	3,776
Total cash disbursements	60,836	89,637	150,473
Total receipts over/(under) cash disbursements	39,019	8,132	47,151
Other financing receipts/(disbursements):			
Proceeds from sale of public debt			
Sale of notes	-	-	-
Transfers-in	-	-	-
Advances-in	1,500	8,500	10,000
Transfers-out	-	-	-
Advances-out	(8,500)	(1,500)	(10,000)
Total other financing receipts/(disbursements)	(7,000)	7,000	-
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	32,019	15,132	47,151
Fund cash balances, January 1, 1998	847	14,530	15,377
Fund cash balances, December 31, 1998	\$32,866	\$29,662	\$62,528
Reserve for encumbrances, December 31, 1998	\$-	\$137	\$137

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

**PERU TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND DECEMBER 31, 1998**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

Peru Township, Morrow 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 three publicly-elected Trustees. The Township provides general governmental 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 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. 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:

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**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:

Gasoline Tax and Motor Vehicle Tax Fund - This fund receives gasoline and motor vehicle tax for constructing, maintaining and repairing Township roads.

Fire District Fund--This fund receives levied taxes to pay a quarter of the expenses incurred by the local fire department.

**PERU TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND DECEMBER 31, 1998**

(Continued)

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

**D. BUDGETARY PROCESS**

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

**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.

**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.

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**E. 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 cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Deposits	<u>\$83,399</u>	<u>\$62,528</u>

**Deposits:** The Township's deposits are insured by the Federal Depository Insurance Corporation.



**PERU TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND DECEMBER 31, 1998**

(Continued)

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 was as follows:

**1999 Budgeted VS. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$52,709	\$78,111	\$25,402
Special Revenue	<u>123,411</u>	<u>95,184</u>	<u>(28,227)</u>
Total	<u>\$176,120</u>	<u>\$173,295</u>	<u>(\$2,825)</u>

**1999 Budgeted VS. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$68,779	\$54,180	\$14,599
Special Revenue	<u>134,969</u>	<u>98,381</u>	<u>36,588</u>
Total	<u>\$203,748</u>	<u>\$152,561</u>	<u>\$51,187</u>

**1998 Budgeted VS. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$37,617	\$101,355	\$63,738
Special Revenue	<u>115,931</u>	<u>106,269</u>	<u>(9,662)</u>
Total	<u>\$153,548</u>	<u>\$207,624</u>	<u>\$54,076</u>

**1998 Budgeted VS. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$110,232	\$69,336	\$40,896
Special Revenue	<u>145,239</u>	<u>91,137</u>	<u>54,102</u>
Total	<u>\$255,471</u>	<u>\$160,473</u>	<u>\$94,998</u>

**PERU TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND DECEMBER 31, 1998**

(Continued)

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Bank One Loan--Fire Truck	9,000	5.60%

In 1997 the Township borrowed \$30,000 from Bank One to purchase a fire truck. The loan matures on October 4, 2002.

Amortization of the above debt, including interest at December 31, 1999 is as follows:

Year ending December 31:	Fire Truck Loan
2001	3,000
2002	<u>6,000</u>
Total	<u>\$9,000</u>

**6. RETIREMENT SYSTEMS**

The Township's 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 health care, 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 1999 and 1998, PERS 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, 1999 and December 31, 1998.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Automobiles
- Public Officials & Employees Errors & Omissions



## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Board of Trustees  
Peru Township  
Morrow County  
3751 Peru Township Rd. 21  
Marengo, Ohio 43334

We have audited the financial statements of Peru Township, Morrow County, Ohio, (The Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 14, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-001 and 1999-002. We also noted certain immaterial instances of noncompliance that we reported to management of the Township in a separate letter dated June 14, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audits, 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 a material weaknesses.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**  
Ten West Locust Street  
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Peru Township  
Report on Compliance and on Internal Control Required by  
*Government Auditing Standards*  
Page 2

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 June 14, 2000.

This report is intended for the information of the Board of Trustees and management. However, this report is a matter of public record and its distribution is not limited.

*Wilson, Sherman & Sons, Inc.*

Newark, Ohio  
June 14, 2000

**PERU TOWNSHIP  
MORROW COUNTY**

**DECEMBER 31, 1999 AND DECEMBER 31, 1998**

**SCHEDULE OF FINDINGS**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>1999-001</b>
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Ohio Rev. Code Section 5575.01 states that in the maintenance and repair of roads the board of township trustees may proceed either by contract or force account. When the board proceeds by contract the contract shall, if the amount involved exceeds fifteen thousand dollars, be let by the board to the lowest responsible bidder after advertisement for bids once, not later than two weeks prior to the date fixed for the letting of such contract, in a newspaper published in the county and of general circulation within the township, but if there is no such paper published in the county, then in one having general circulation in the township.

The Township awarded the road work bid to a contractor in accordance with the terms of Ohio Rev. Code Section 5575.01. However, the Trustees allowed another contractor, that did not submit a bid, to perform road work and instructed the Clerk\Treasurer to pay this contractor \$31,843 for road paving at the October 14, 1999 Board meeting.

We recommend the Township Trustees follow the requirements of Ohio Rev. Code Section 5575.01 when awarding road work contracts in excess of \$15,000.

<b>Finding Number</b>	<b>1999-002</b>
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Ohio Rev. Code Section 5705.41 (D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrance. This section does allow exceptions when then and now certificates are utilized and when amounts are less than \$1000. If either exception is not met, contracts and orders for expenditure lacking prior certification should be null and void.

Neither of the above noted exceptions applied in the test of disbursements. The Township expended funds without obtaining certification of the clerk.

It is recommended the Trustees seek the Clerk's certification prior to obligating the Township for the purchase of goods or services.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**VILLAGE OF PERU**

**MORROW 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 6, 2000**