



**PERRY TOWNSHIP  
FAYETTE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



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

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**STATE OF OHIO**



**PERRY TOWNSHIP  
FAYETTE COUNTY**

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**INDEPENDENT ACCOUNTANTS' REPORT**

Perry Township  
Fayette County  
11 Zimmerman Road, S.W.  
Washington Court House, OH 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, 2000 and 1999. 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 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 audit provides 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 and reserves for encumbrances of Perry Township, Fayette County as of December 31, 2000 and 1999, 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 April 6, 2001, 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 audit.

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

April 6, 2001

**PERRY TOWNSHIP  
FAYETTE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY 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>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$12,141	\$20,458	\$0	\$32,599
Intergovernmental	95,913	64,627	0	160,540
Earnings on Investments	7,471	4,392	472	12,335
Other Revenue	1,727	0	0	1,727
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	117,252	89,477	472	207,201
<b>Cash Disbursements:</b>				
Current:				
General Government	43,406	0	0	43,406
Public Safety	0	15,327	0	15,327
Public Works	1,790	43,415	0	45,205
Health	2,007	4,276	0	6,283
Miscellaneous	0	0	0	0
Capital Outlay	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	47,203	63,018	0	110,221
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	70,049	26,459	472	96,980
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	81,100	172,502	9,050	262,652
<b>Fund Cash Balances, December 31</b>	<hr/>	<hr/>	<hr/>	<hr/>
	<b>\$151,149</b>	<b>\$198,961</b>	<b>\$9,522</b>	<b>\$359,632</b>
Reserve for Encumbrances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$1,404	\$1,513	\$0	\$2,917

*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 AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$12,154	\$20,571	\$0	\$32,725
Intergovernmental	37,664	64,807	0	102,471
Lic. Permits and Fees	0	420	0	420
Earnings on Investments	2,855	3,870	422	7,147
Other Revenue	526	0	0	526
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	53,199	89,668	422	143,289
<b>Cash Disbursements:</b>				
Current:				
General Government	32,254	0	0	32,254
Public Safety	0	14,039	0	14,039
Public Works	0	22,937	0	22,937
Health	1,824	2,320	0	4,144
Miscellaneous	0	3,387	0	3,387
Contract Services	0	0	180	180
Capital Outlay	5,905	40,949	0	46,854
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	39,983	83,632	180	123,795
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	13,216	6,036	242	19,494
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	0	4,000	0	4,000
Transfers-Out	(4,000)	0	0	(4,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(4,000)	4,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements				
	9,216	10,036	242	19,494
Fund Cash Balances, January 1	71,884	162,467	8,808	243,159
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$81,100</b>	<b>\$172,503</b>	<b>\$9,050</b>	<b>\$262,653</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	\$239	\$207	\$0	\$446
	<hr/>	<hr/>	<hr/>	<hr/>

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



**PERRY TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Perry Township, Fayette 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 general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the City Greenfield, Concord Township, and Green Township to provide fire and 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 Deposits**

The Township Clerk deposits all available funds of the Township. Township funds are deposited in a "Now" checking account and Certificates of Deposit with a local commercial bank. Certificates of Deposit are valued 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.

**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:

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

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

**PERRY TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

Motor Vehicle License Tax Fund - Receives motor vehicle tax money for constructing, maintaining and repairing Township roads.

Fire District Fund - Receives tax and intergovernmental money for fire protection contracts and other related expenses.

Cemetery Fund - Receives proceeds from the sale of cemetery lots for maintaining Township cemeteries.

Permissive Motor Vehicle License Fund - Receives tax money for the 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 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.

**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 re-appropriated. The Township did not use the encumbrance method of accounting. However, the Township adjusted the financial statements to include encumbrances that should have been recorded at year end.

**PERRY TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

A summary of 2000 and 1999 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 DEPOSITS**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$130,423	\$112,653
Certificates of deposit	<u>229,209</u>	<u>150,000</u>
Total deposits	<u><u>\$359,632</u></u>	<u><u>\$262,653</u></u>

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$33,338	\$117,252	\$83,914
Special Revenue	91,949	89,477	(2,472)
Fiduciary	<u>425</u>	<u>472</u>	<u>47</u>
Total	<u><u>\$125,712</u></u>	<u><u>\$207,201</u></u>	<u><u>\$81,489</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$114,433	\$48,607	\$65,826
Special Revenue	252,525	64,531	187,994
Fiduciary	<u>5,975</u>	<u>0</u>	<u>5,975</u>
Total	<u><u>\$372,933</u></u>	<u><u>\$113,138</u></u>	<u><u>\$259,795</u></u>

**PERRY TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,255	\$53,199	\$22,944
Special Revenue	86,900	93,668	6,768
Fiduciary	425	422	(3)
Total	\$117,580	\$147,289	\$29,709

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$102,138	\$44,222	\$57,916
Special Revenue	249,367	83,839	165,528
Fiduciary	5,733	180	5,553
Total	\$357,238	\$128,241	\$228,997

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.

**5. RETIREMENT SYSTEMS**

The Township officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provide retirement benefits, including post-retirement 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. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% in 1999 and 10.84% in 2000 of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**PERRY TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**6. RISK MANAGEMENT**

The Township is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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

Perry Township  
Fayette County  
11 Zimmerman Road, S.W.  
Washington Court House, OH 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, 2000 and 1999, and have issued our report thereon dated April 6, 2001. We conducted our audit 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2000-40624-001 and 2000-40624-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 6, 2001.

**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 certain matters involving the internal control over financial reporting and its operation 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 Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2000-40624-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described to be a material weakness.

We also 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 April 6, 2001.

This report is intended 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

April 6, 2001



**PERRY TOWNSHIP  
FAYETTE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2000-40624-001**

**Material Noncompliance/Material Weakness**

Ohio Revised 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, the Clerk may authorize payment through a Then and Now certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

Our tests indicated that 100% of disbursements had no prior certification of the Clerk and no "then and now" certificate was issued, contrary to this requirement. Additionally, there were unencumbered purchase commitments at December 31, 2000 and 1999. The financial statements were adjusted to record these unencumbered purchase commitments.

This procedure is not only required by Ohio law, but it is also a key control in the disbursement process. Without proper certification of funds, disbursements could be made without adequate current resources being available or disbursements could be made in excess of authorized appropriations. We recommend that prior certifications be done for all disbursements. In instances when prior certifications are not practical, "then and now" certifications should be made.

**FINDING NUMBER 2000-40624-002**

**Finding for Adjustment**

Ohio Rev. Code, Section 505.24, states the Township Trustees shall be paid from the township general fund or from such other township funds in such proportions as the board may specify by resolution. The means the salary resolution must allocate the salary distribution from various funds in the same proportion as the trustees' services bear to the activities supported by such funds, as determined by the Board.

During our audits, we noted that the Township Trustees were paid a combined total of \$21,006 in 2000 and \$19,596 in 1999. For both years, 100% of the Township Trustees' salaries were paid from the Gas Tax Fund. There was no evidence provided to indicate 100% of the Trustees' time was devoted to the activities supported by the Gas Tax Fund. Since the Township Trustees regularly attend meetings and

**FINDING NUMBER 2000-40624-002**  
**(Continued)**

attend to Township finances, it was determined that \$2,100 in 2000 and \$1,959 in 1999 of the Trustee salaries should have been borne by the General Fund of the Township.

In accordance with the foregoing facts, a Finding for Adjustment is hereby issued against the Township's Gas Tax Fund and in favor of the General Fund in the amount of \$4,059.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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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  
JUNE 19, 2001**