



**PERRY TOWNSHIP
PIKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

PERRY TOWNSHIP
PIKE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Perry Township
Pike County
3030 State Route 41 S.
Bainbridge, Ohio 45612

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Pike 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 the 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 *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 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 of Perry Township, Pike 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 August 8, 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

August 8, 2001

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**PERRY TOWNSHIP
PIKE 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>		<u>Fiduciary Fund</u> <u>Type</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Nonexpendable</u> <u>Trust</u>	
Cash Receipts:				
Local Taxes	\$5,545	\$22,322	\$	\$27,867
Intergovernmental	21,992	58,083		80,075
Interest	478	956	36	1,470
Other Revenue	824	3,703		4,527
Total Cash Receipts	<u>28,839</u>	<u>85,064</u>	<u>36</u>	<u>113,939</u>
Cash Disbursements:				
General Government	32,145	857		33,002
Public Safety		6,000		6,000
Public Works	2,815	67,620		70,435
Health	121	4,993		5,114
Miscellaneous				0
Capital Outlay				0
Total Cash Disbursements	<u>35,081</u>	<u>79,470</u>	<u>0</u>	<u>114,551</u>
Total Cash Receipts Over (Under) Cash Disbursements	<u>(6,242)</u>	<u>5,594</u>	<u>36</u>	<u>(612)</u>
Fund Cash Balances, January 1	<u>11,740</u>	<u>46,311</u>	<u>1,455</u>	<u>59,506</u>
Fund Cash Balances, December 31	<u>\$5,498</u>	<u>\$51,905</u>	<u>\$1,491</u>	<u>\$58,894</u>

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

PERRY TOWNSHIP
PIKE 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>		<u>Fiduciary Fund</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Type</u> <u>Nonexpendable</u> <u>Trust</u>	
Cash Receipts:				
Local Taxes	\$4,324	\$20,889	\$	\$25,213
Intergovernmental	20,820	57,739		78,559
Interest	547	868	32	1,447
Other Revenue	1,232	5,200		6,432
Total Cash Receipts	<u>26,923</u>	<u>84,696</u>	<u>32</u>	<u>111,651</u>
Cash Disbursements:				
General Government	43,149	873		44,022
Public Safety		6,000		6,000
Public Works	2,385	65,303		67,688
Health	110	2,789		2,899
Capital Outlay		2,430		2,430
Total Cash Disbursements	<u>45,644</u>	<u>77,395</u>	<u>0</u>	<u>123,039</u>
Total Cash Receipts Over (Under) Cash Disbursements	<u>(18,721)</u>	<u>7,301</u>	<u>32</u>	<u>(11,388)</u>
Fund Cash Balances, January 1	<u>30,461</u>	<u>39,010</u>	<u>1,423</u>	<u>70,894</u>
Fund Cash Balances, December 31	<u>\$11,740</u>	<u>\$46,311</u>	<u>\$1,455</u>	<u>\$59,506</u>

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

**PERRY TOWNSHIP
PIKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Perry Township, Pike 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 and a publicly-elected Clerk. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, emergency medical services, and fire protection.

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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Township had one checking account and no investments during the audit period.

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:

Gasoline Tax Fund - This fund received gasoline tax monies to construct, maintain and repair Township roadways.

**PERRY TOWNSHIP
PIKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 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. The Township did not encumber funds as required.

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 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 at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand Deposits	<u>\$58,894</u>	<u>\$59,506</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

**PERRY TOWNSHIP
PIKE COUNTY**

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

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budget Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$27,524	\$28,839	\$1,315
Special Revenue	113,196	85,064	(28,132)
Nonexpendable Trust	<u>18</u>	<u>36</u>	<u>18</u>
Total	<u>\$140,738</u>	<u>\$113,939</u>	<u>(\$26,799)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Disbursements</u>	<u>Variance</u>
General	\$39,264	\$35,081	\$4,183
Special Revenue	159,506	79,470	80,036
Nonexpendable Trust	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$198,770</u>	<u>\$114,551</u>	<u>\$84,219</u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budget Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$25,904	\$26,923	\$1,019
Special Revenue	80,897	84,696	3,799
Nonexpendable Trust	<u>0</u>	<u>32</u>	<u>32</u>
Total	<u>\$106,801</u>	<u>\$111,651</u>	<u>\$4,850</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Disbursements</u>	<u>Variance</u>
General	\$56,365	\$45,644	\$10,721
Special Revenue	114,194	77,395	36,799
Nonexpendable Trust	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$170,559</u>	<u>\$123,039</u>	<u>\$47,520</u>

Contrary to Ohio law, the Gasoline Tax Fund had a negative cash balance as of December 31, 2000 in the amount of \$5,837.

**PERRY TOWNSHIP
PIKE COUNTY**

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

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 in 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.

5. RETIREMENT SYSTEM

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The 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 2000 and 1999, 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. Effective July 1, 2000 the employers' contribution rate decreased to 8.13% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

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



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

Perry Township
Pike County
3030 State Route 41 S.
Bainbridge, Ohio 45612

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Pike County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 8, 2001. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-40766-001 and 2000-40766-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 8, 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. 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 August 8, 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

August 8, 2001

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**PERRY TOWNSHIP
PIKE COUNTY**

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

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

FINDING NUMBER 2000-40766-001

Ohio Rev. Code Section 5705.10 requires that money paid into any fund shall be used only for the purposes for which the fund is established.

The Gasoline Tax Fund had a negative cash balance as of December 31, 2000 in the amount of \$5,837.

Negative cash balances indicate that monies from one fund were used to pay expenditures for another fund.

The Township should only use money paid into each fund for the purpose for which the fund was established.

We recommend that the Clerk monitor spending more closely so that this situation does not occur.

FINDING NUMBER 2000-40766-002

Ohio Rev. Code Section 5705.41(D), states that no orders or contracts involving the disbursement of monies are to be made 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 encumbrance.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificates - This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- B. Amounts of less than \$1,000 for townships, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the Then and Now Certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Township Clerk did not certify funds as available prior to making purchase commitments or use Then and Now Certificates.

We recommend that either the Clerk utilize the Then and Now Certificates and have payments over \$1,000 approved by individual resolutions of the Board of Trustees, within 30 days from the receipt of such certification or that the Clerk certify that unencumbered funds are available prior to making the commitment.



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PERRY TOWNSHIP

PIKE 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
AUGUST 30, 2001**