



**Auditor of State
Betty Montgomery**

**PERRY TOWNSHIP
LAKE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Perry Township
Lake County
3750 Center Street
Perry, Ohio 44081

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Lake County, Ohio, (the Township) as of and for the years ended December 31, 2002 and December 31, 2001. 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 *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, Lake County, Ohio, as of December 31, 2002 and December 31, 2001, 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 29, 2003 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.

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.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

April 29, 2003

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**PERRY TOWNSHIP
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$403,660	\$1,196,827	\$0	\$1,600,487
Intergovernmental	720,989	1,150,952	1,108,290	2,980,231
Special Assessments	0	28,169	26,911	55,080
Licenses, Permits, and Fees	29,495	24,164	0	53,659
Fines, Forfeitures, and Penalties	380	0	0	380
Earnings on Investments	65,788	848	0	66,636
Other Revenue	26,099	1,546	0	27,645
	<u>1,246,411</u>	<u>2,402,506</u>	<u>1,135,201</u>	<u>4,784,118</u>
Total Cash Receipts				
	<u>1,246,411</u>	<u>2,402,506</u>	<u>1,135,201</u>	<u>4,784,118</u>
Cash Disbursements:				
Current:				
General Government	616,773	41,492	0	658,265
Public Safety	0	2,479,761	0	2,479,761
Public Works	0	452,915	0	452,915
Health	139,851	0	0	139,851
Human Services	44,289	0	0	44,289
Conservation - Recreation	12,686	0	0	12,686
Miscellaneous	0	59,962	0	59,962
Debt Service:				
Redemption of Principal	6,200	0	0	6,200
Capital Outlay	0	18,687	1,382,878	1,401,565
	<u>819,799</u>	<u>3,052,817</u>	<u>1,382,878</u>	<u>5,255,494</u>
Total Cash Disbursements				
	<u>819,799</u>	<u>3,052,817</u>	<u>1,382,878</u>	<u>5,255,494</u>
Total Receipts Over/(Under) Disbursements	<u>426,612</u>	<u>(650,311)</u>	<u>(247,677)</u>	<u>(471,376)</u>
Other Financing Receipts and (Disbursements):				
Transfers-In	0	1,408,862	0	1,408,862
Advances-In	2,183,883	1,462,554	0	3,646,437
Transfers-Out	(1,372,589)	0	(36,273)	(1,408,862)
Advances-Out	(1,462,554)	(2,183,883)	0	(3,646,437)
	<u>(651,260)</u>	<u>687,533</u>	<u>(36,273)</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(651,260)</u>	<u>687,533</u>	<u>(36,273)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(224,648)	37,222	(283,950)	(471,376)
Fund Cash Balances, January 1, 2002	829,042	166,554	2,736,161	3,731,757
Fund Cash Balances, December 31, 2002	<u><u>\$604,394</u></u>	<u><u>\$203,776</u></u>	<u><u>\$2,452,211</u></u>	<u><u>\$3,260,381</u></u>
Reserve for Encumbrances, December 31, 2002	<u>\$43,834</u>	<u>\$4,534</u>	<u>\$855,286</u>	<u>\$903,654</u>

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

**PERRY TOWNSHIP
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Fiduciary Fund Types</u>		Totals (Memorandum Only)
	<u>Non-Expendable Trust</u>	<u>Agency</u>	
Operating cash disbursements:			
Miscellaneous	\$0	\$3,168	\$3,168
Contractual services	0	287,767	287,767
	<hr/>	<hr/>	<hr/>
Total Operating cash disbursements	0	290,935	290,935
	<hr/>	<hr/>	<hr/>
Operating income/(loss)	0	(290,935)	(290,935)
	<hr/>	<hr/>	<hr/>
Non-operating cash receipts			
Local taxes	0	153,536	153,536
Interest	611	0	611
Intergovernmental revenues	0	137,940	137,940
	<hr/>	<hr/>	<hr/>
Total non-operating cash receipts	611	291,476	292,087
	<hr/>	<hr/>	<hr/>
Non-operating cash disbursements			
Other non-operating cash disbursements	641	0	641
	<hr/>	<hr/>	<hr/>
Total non-operating cash disbursement	641	0	641
	<hr/>	<hr/>	<hr/>
Net receipts over/(under) disbursements	(30)	541	511
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1, 2002	14,413	3	14,416
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31, 2002	<u>\$14,383</u>	<u>\$544</u>	<u>\$14,927</u>

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

**PERRY TOWNSHIP
LAKE 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$691,226	\$2,135,007	\$0	\$2,826,233
Intergovernmental	395,802	163,923	47,875	607,600
Special Assessments	0	19,369	26,680	46,049
Licenses, Permits, and Fees	37,338	38,686	0	76,024
Fines, Forfeitures, and Penalties	388	0	0	388
Earnings on Investments	207,716	1,659	0	209,375
Other Revenue	30,183	2,150	0	32,333
	<u>1,362,653</u>	<u>2,360,794</u>	<u>74,555</u>	<u>3,798,002</u>
Total Cash Receipts				
	<u>1,362,653</u>	<u>2,360,794</u>	<u>74,555</u>	<u>3,798,002</u>
Cash Disbursements:				
Current:				
General Government	568,360	49,164	0	617,524
Public Safety	359	2,502,440	0	2,502,799
Public Works	222,512	443,356	0	665,868
Health	152,410	0	0	152,410
Human Services	38,818	0	0	38,818
Conservation - Recreation	32,786	0	0	32,786
Miscellaneous	0	59,172	0	59,172
Debt Service:				
Redemption of Principal	6,200	0	0	6,200
Interest and Fiscal Charges	0	0	0	0
Capital Outlay	0	21,686	882,400	904,086
	<u>1,021,445</u>	<u>3,075,818</u>	<u>882,400</u>	<u>4,979,663</u>
Total Cash Disbursements				
	<u>1,021,445</u>	<u>3,075,818</u>	<u>882,400</u>	<u>4,979,663</u>
Total Receipts Over/(Under) Disbursements	<u>341,208</u>	<u>(715,024)</u>	<u>(807,845)</u>	<u>(1,181,661)</u>
Other Financing Receipts and (Disbursements):				
Transfers-In	0	722,589	0	722,589
Advances-In	562,500	0	0	562,500
Transfers-Out	(722,589)	0	0	(722,589)
Advances-Out	0	(562,500)	0	(562,500)
	<u>(160,089)</u>	<u>160,089</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(160,089)</u>	<u>160,089</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	181,119	(554,935)	(807,845)	(1,181,661)
Fund Cash Balances, January 1, 2001	647,923	721,489	3,544,006	4,913,418
Fund Cash Balances, December 31, 2001	<u><u>\$829,042</u></u>	<u><u>\$166,554</u></u>	<u><u>\$2,736,161</u></u>	<u><u>\$3,731,757</u></u>
Reserve for Encumbrances, December 31, 2001	<u>\$95,943</u>	<u>\$28,446</u>	<u>\$714,651</u>	<u>\$839,040</u>

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

**PERRY TOWNSHIP
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Non-Expendable Trust</u>	<u>Agency</u>	
Operating cash disbursements:			
Miscellaneous	\$0	\$3,693	\$3,693
Contractual services	0	284,062	284,062
	<u>0</u>	<u>287,755</u>	<u>287,755</u>
Total Operating cash disbursements	<u>0</u>	<u>287,755</u>	<u>287,755</u>
Operating income/(loss)	<u>0</u>	<u>(287,755)</u>	<u>(290,935)</u>
Non-operating cash receipts			
Local taxes	0	287,758	287,758
Interest	991	0	991
	<u>991</u>	<u>287,758</u>	<u>288,749</u>
Total non-operating cash receipts	<u>991</u>	<u>287,758</u>	<u>288,749</u>
Non-operating cash disbursements			
Other non-operating cash disbursements	568	0	568
	<u>568</u>	<u>0</u>	<u>568</u>
Total non-operating cash disbursement	<u>568</u>	<u>0</u>	<u>568</u>
Net receipts over/(under) disbursements	423	3	426
Fund Cash Balances, January 1, 2001	<u>13,990</u>	<u>0</u>	<u>13,990</u>
Fund Cash Balances, December 31, 2001	<u><u>\$14,413</u></u>	<u><u>\$3</u></u>	<u><u>\$14,416</u></u>

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

**PERRY TOWNSHIP
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Perry Township, Lake 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 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'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 at the time of sale are recorded as receipts.

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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:

**PERRY TOWNSHIP
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire District Fund - This fund receives property tax money to provide fire protection services.

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

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital project fund:

Township Building Construction Fund - Receives intergovernmental monies for the construction at the fire station.

4. Fiduciary Funds (Trust and Agency 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:

Non-Expendable Trust

Cemetery Bequest Fund – Used for the beautification and maintenance of the Township's cemetery.

Agency

Library Levy Fund – Receives local taxes and intergovernmental receipts earmarked for the Perry Public Library.

**PERRY TOWNSHIP
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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, 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 2002 and 2001 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

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**PERRY TOWNSHIP
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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:

	2002	2001
Demand deposits	(\$33,667)	(\$122,999)
Certificates of deposit	1,014,225	14,225
Total deposits	980,558	(108,774)
 STAR Ohio	 2,294,750	 3,854,947
Total investments	2,294,750	3,854,947
 Total deposits and investments	 \$3,275,308	 \$3,746,173

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or, (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in StarOhio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,277,805	\$1,246,411	(\$2,031,394)
Special Revenue	5,155,670	3,811,368	(1,344,302)
Capital Projects	0	1,135,201	1,135,201
Non-Expendable Trust	1,000	611	(389)
Agency	800,000	291,476	(508,524)
Total	\$9,234,475	\$6,485,067	(\$2,749,408)

Contrary to Ohio law, budgetary appropriations exceeded the total estimated revenue in the Fire District Fund by \$1,378,517 for the year ended December 31, 2002.

**PERRY TOWNSHIP
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,052,225	\$2,236,222	\$1,816,003
Special Revenue	5,556,282	3,057,351	2,498,931
Capital Projects	2,744,161	2,274,437	469,724
Non-Expendable Trust	1,200	641	559
Agency	293,003	290,935	2,068
Total	<u>\$12,646,871</u>	<u>\$7,859,586</u>	<u>\$4,787,285</u>

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,942,064	\$1,362,653	(\$579,411)
Special Revenue	2,711,650	3,083,383	371,733
Capital Projects	125,711	74,555	(51,156)
Non-Expendable Trust	1,700	991	(709)
Agency	821,689	287,758	(533,931)
Total	<u>\$5,602,814</u>	<u>\$4,809,340</u>	<u>(\$793,474)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,572,422	\$1,839,977	\$732,445
Special Revenue	3,836,556	3,104,264	732,292
Capital Projects	3,544,007	1,597,051	1,946,956
Non-Expendable Trust	1,200	568	632
Agency	821,689	287,755	533,934
Total	<u>\$10,775,874</u>	<u>\$6,829,615</u>	<u>\$3,946,259</u>

**PERRY TOWNSHIP
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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 within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property with 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, 2002 was as follows:

	<u>Principal</u>
Ohio Public Works Commission Loan	<u><u>\$6,200</u></u>

The Ohio Public Works Commission (OPWC) loan relates to a \$62,000 Issue 2 interest free loan for a water and sewer improvement project. The balance of the principal due will be repaid in semiannual installments of \$3,100 during 2003.

6. RETIREMENT SYSTEMS

The Township's full time firefighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide 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 2002 and 2001, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of fire participant wages. For 2002 and 2001, members of OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

**PERRY TOWNSHIP
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

7. 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 coverage 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 Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. 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.

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 Coverage

OTARMA retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

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:

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$23,757,036	\$23,703,776
Liabilities	<u>9,197,512</u>	<u>(9,379,003)</u>
Retained earnings	<u>\$14,559,524</u>	<u>\$14,324,773</u>

<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$6,596,996	\$5,011,131
Liabilities	<u>(1,204,326)</u>	<u>(647,667)</u>
Retained earnings	<u>\$5,392,670</u>	<u>\$4,363,464</u>

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**Auditor of State
Betty Montgomery**

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

Perry Township
Lake County
3750 Center Street
Perry, Ohio 44081

To the Board of Trustees:

We have audited the financial statements of Perry Township, Lake County, Ohio, (the Township) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated April 29, 2003. 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 29, 2003.

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 April 29, 2003.

Perry Township
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Required by *Government Auditing Standards*
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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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 29, 2003



**Auditor of State
Betty Montgomery**

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PERRY TOWNSHIP

LAKE 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 3, 2003**