



**PERRY TOWNSHIP
MUSKINGUM COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PERRY TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Perry Township
Muskingum County
2655 Harvest Hill Rd.
Zanesville, Ohio 43701

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Muskingum 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 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 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 Perry Township, Muskingum County, 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 May 4, 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, contracts and grants.

This report is intended solely for the information and use of management, the Board 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, appearing to read "Jim Petro".

Jim Petro
Auditor of State

May 4, 2000

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$60,234	\$122,845	\$43,301		\$226,380
Intergovernmental	33,565	83,646		\$29,875	147,086
Charges for Services		245			245
Licenses, Permits, and Fees	534	10,515			11,049
Earnings on Investments	9,397	1,062			10,459
Other Revenue	1,003	9,565			10,568
Total Cash Receipts	<u>104,733</u>	<u>227,878</u>	<u>43,301</u>	<u>29,875</u>	<u>405,787</u>
Cash Disbursements:					
Current:					
General Government	62,235				62,235
Public Safety		42,473			42,473
Public Works	11,426	131,790			143,216
Health	820	10,838			11,658
Debt Service:					
Redemption of Principal	12,000	20,000	32,000		64,000
Interest and Fiscal Charges			11,301		11,301
Capital Outlay	2,070	8,000		29,875	39,945
Total Cash Disbursements	<u>88,551</u>	<u>213,101</u>	<u>43,301</u>	<u>29,875</u>	<u>374,828</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>16,182</u>	<u>14,777</u>	<u>0</u>	<u>0</u>	<u>30,959</u>
Other Financing Receipts:					
Sale of Fixed Assets	4,761				4,761
Other Sources		154			154
Total Other Financing Receipts	<u>4,761</u>	<u>154</u>	<u>0</u>	<u>0</u>	<u>4,915</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>20,943</u>	<u>14,931</u>	<u>0</u>	<u>0</u>	<u>35,874</u>
Fund Cash Balances, January 1	<u>91,237</u>	<u>114,469</u>			<u>205,706</u>
Fund Cash Balances, December 31	<u><u>\$112,180</u></u>	<u><u>\$129,400</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$241,580</u></u>

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

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$56,204	\$131,556	\$18,657	\$206,417
Intergovernmental	50,288	94,528		144,816
Licenses, Permits, and Fees	825	9,740		10,565
Earnings on Investments	4,015	917		4,932
Other Revenue	3,387	7,562		10,949
	<u>114,719</u>	<u>244,303</u>	<u>18,657</u>	<u>377,679</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	62,791			62,791
Public Safety		52,229		52,229
Public Works	3,424	100,089		103,513
Health	578	10,846		11,424
Debt Service:				
Redemption of Principal	5,700		14,850	20,550
Interest and Fiscal Charges			3,807	3,807
Capital Outlay	55	291,097		291,152
	<u>72,548</u>	<u>454,261</u>	<u>18,657</u>	<u>545,466</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>42,171</u>	<u>(209,958)</u>	<u>0</u>	<u>(167,787)</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes		100,000		100,000
Sale of Fixed Assets		53,000		53,000
Transfers-In	1,440	6,849		8,289
Advances-In		2,500		2,500
Transfers-Out		(8,289)		(8,289)
Advances-Out		(2,500)		(2,500)
	<u>1,440</u>	<u>151,560</u>	<u>0</u>	<u>153,000</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	43,611	(58,398)	0	(14,787)
Fund Cash Balances, January 1	<u>47,626</u>	<u>172,867</u>	<u>0</u>	<u>220,493</u>
Fund Cash Balances, December 31	<u>\$91,237</u>	<u>\$114,469</u>	<u>\$0</u>	<u>\$205,706</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Perry Township, Muskingum 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'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. 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.

Fire Levy Fund - This fund receives fire levy money to be used in the operation of the fire department.

**PERRY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Debt Service Funds

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 Funds:

Triple Combination Pumper Note Retirement Fund - This fund receives tax revenue to pay principal and interest on outstanding note debt for the Township's fire truck.

Dump Truck Note Retirement Fund - This fund receives tax revenue to pay principal and interest on outstanding note debt for the Township's dump truck.

Tractor/Mower Note Retirement Fund - This fund receives tax revenue to pay principal and interest on outstanding note debt for the Township's tractor with mower.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Issue II Fund - The Township received Issue II money through Muskingum County Engineer's office for the paving of Boggs Rd.

D. 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 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 canceled, and reappropriated in the subsequent year.

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

**PERRY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$241,580</u>	<u>\$205,706</u>
Total deposits	<u><u>\$241,580</u></u>	<u><u>\$205,706</u></u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$116,373	\$109,494	(\$6,879)
Special Revenue	239,937	228,032	(11,905)
Debt Service	43,301	43,301	0
Capital Projects	<u>29,875</u>	<u>29,875</u>	<u>0</u>
Total	<u><u>\$429,486</u></u>	<u><u>\$410,702</u></u>	<u><u>(\$18,784)</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$166,800	\$88,551	\$78,249
Special Revenue	364,297	213,101	151,196
Debt Service	43,301	43,301	0
Capital Projects	<u>29,875</u>	<u>29,875</u>	<u>0</u>
Total	<u><u>\$604,273</u></u>	<u><u>\$374,828</u></u>	<u><u>\$229,445</u></u>

**PERRY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$113,183	\$116,159	\$2,976
Special Revenue	417,665	406,652	(11,013)
Debt Service	18,657	18,657	0
Total	\$549,505	\$541,468	(\$8,037)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$160,790	\$72,548	\$88,242
Special Revenue	592,505	465,050	127,455
Debt Service	18,657	18,657	0
Total	\$771,952	\$556,255	\$215,697

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. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$76,000	5.75-6%
Total	\$76,000	

**PERRY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT (Continued)

The general obligation notes were issued to finance the purchase of a new dump truck to be used for Township road maintenance and to finance the purchase of a new fire truck for the Township's fire protection. The notes are backed by the full faith, credit and revenue of the Township.

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

Year ending December 31:	General Obligation Notes
2000	\$32,410
2001	30,780
2002	<u>21,150</u>
Total	<u><u>\$84,340</u></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 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 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.

7. RISK MANAGEMENT

The Township is a member of the Ohio Government Risk Management 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 OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Perry Township
Muskingum County
2655 Harvest Hill Rd.
Zanesville, Ohio 43701

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 4, 2000. 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 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 May 4, 2000.

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 May 4, 2000.

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

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

May 4, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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PERRY TOWNSHIP

MUSKINGUM 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 13, 2000**