



**PERRY TOWNSHIP
LAWRENCE COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

PERRY TOWNSHIP
LAWRENCE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Perry Township
Lawrence County
95 Private Road 254
Ironton, Ohio 45638

To the Board of Trustees:

We have audited the accompanying financial statement of Perry Township, Lawrence County, Ohio (the Township), as of and for the year ended December 31, 1999. This financial statement is the responsibility of the Township's management. Our responsibility is to express an opinion on this financial statement 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 statement 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 statement referred to above presents fairly, in all material respects, the combined fund cash balances of Perry Township, Lawrence County, as of December 31, 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 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. 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 the 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

January 22, 2001

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**PERRY TOWNSHIP
LAWRENCE 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**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$ 25,269	\$ 96,219	\$ 121,488
Intergovernmental	63,999	95,923	159,922
Interest	7,979		7,979
	<u>97,247</u>	<u>192,142</u>	<u>289,389</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	71,832		71,832
Public Safety		31,977	31,977
Public Works		75,515	75,515
Capital Outlay		125,349	125,349
Debt Principal		8,786	8,786
Debt Interest		1,797	1,797
	<u>71,832</u>	<u>243,424</u>	<u>315,256</u>
Total Cash Disbursements			
	<u>71,832</u>	<u>243,424</u>	<u>315,256</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>25,415</u>	<u>(51,282)</u>	<u>(25,867)</u>
Other Financing Sources (Uses):			
Proceeds from Sale of Assets		18,000	18,000
Proceeds of Debt		51,750	51,750
Transfers - In	584	27,388	27,972
Transfers - Out		(27,972)	(27,972)
	<u>584</u>	<u>69,166</u>	<u>69,750</u>
Total Other Financing Sources (Uses)			
	<u>584</u>	<u>69,166</u>	<u>69,750</u>
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	<u>25,999</u>	<u>17,884</u>	<u>43,883</u>
Fund Cash Balances, January 1, 1999	<u>41,883</u>	<u>127,230</u>	<u>169,113</u>
Fund Cash Balances, December 31, 1999	<u>\$ 67,882</u>	<u>\$ 145,114</u>	<u>\$ 212,996</u>

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

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**PERRY TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Perry Township, Lawrence 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 and fire protection.

The Township's management believes the financial statement presents all activities for which the Township is financially accountable.

B. Basis of Accounting

The financial statement follows 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.

The statement includes 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:

Permissive Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads.

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

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

Fire District Fund - This fund receives tax money for the purpose of providing fire protection to the Township.

**PERRY TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 function 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 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 statement.

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>
Demand Deposits	\$172,996
Certificates of Deposit	<u>40,000</u>
	<u><u>\$212,996</u></u>

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

**PERRY TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 1999, follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 95,997	\$ 97,831	\$ 1,834
Special Revenue	<u>235,266</u>	<u>289,280</u>	<u>54,014</u>
Total	<u>\$ 331,263</u>	<u>\$ 387,111</u>	<u>\$ 55,848</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 28,174	\$ 71,832	\$ (43,658)
Special Revenue	<u>140,207</u>	<u>271,396</u>	<u>(131,189)</u>
Total	<u>\$ 168,381</u>	<u>\$ 343,228</u>	<u>\$ (174,847)</u>

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 statement 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. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Lease - Tractor	\$19,369	5.6%
Lease - Grader	<u>51,750</u>	5.5%
Total Leases	<u>\$71,119</u>	

**PERRY TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 1999
(Continued)**

5. DEBT (Continued)

The Lease for the tractor was purchased in 1996. The original lease was for \$43,929, with an annual payment due of \$10,583. The Lease for the grader was purchased in 1999. The original lease was for \$51,750, with an annual payment due of \$12,119.

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

<u>Year ending December 31, 1999</u>	<u>Lease</u>
2000	\$ 22,702
2001	22,702
2002	12,119
2003	12,119
2004	<u>12,119</u>
Total	<u>\$ 81,761</u>

6. 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 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 1999, 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 Township Association Risk Management Authority (OTARMA). OTARMA assumes the risk of loss up to the limits of the Township's policy. OTARMA may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public officials' liability
- Vehicle
- Property



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

Perry Township
Lawrence County
95 Private Road 254
Ironton, Ohio 45638

To the Board of Trustees:

We have audited the accompanying financial statement of Perry Township, Lawrence County, Ohio (the Township), as of and for the year ended December 31, 1999, and have issued our report thereon dated January 22, 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 statement is 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item number 1999-40744-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated January 22, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement 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 January 22, 2001.

This report is intended for the information and use of the 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

January 22, 2001

**PERRY TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999**

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

FINDING NUMBER 1999-40744-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Expenditures exceeded appropriations at December 31, 1999 in the following funds: General Fund by \$43,658 (155%), Motor Vehicle License Tax Fund by \$4,543 (43%), Gasoline Tax Fund by \$26,912 (141%), Road and Bridge Fund by \$1,793 (12.8%), Fire District Fund by \$25,449 (81%) and Permissive Motor Vehicle License Tax Fund by \$29,436 (196%).

In addition, expenditures exceeded appropriations at the legal level of control at December 31, 1999 as follows:

General Fund			
Salaries - Trustees	\$13,196 (202%)	Medicare/Hospitalization	\$348 (35%)
Salary - Clerk	6,000 (194%)	Auditor's and Treasurer's Fee	446 (22%)
PERS	973 (32%)		
Motor Vehicle License Tax Fund			
Contracted Services	\$1,957 (65%)	Operating Supplies	\$4,587 (45%)
Gasoline Tax Fund			
Salaries - Other	\$ 7,940 (261%)	Operating Supplies	\$6,097 (100%)
Contracted Services	13,586 (226%)		
Road and Bridge Fund			
Contracted Services	\$ 2,725 (54%)		
Fire District Fund			
Life Insurance	\$ 1,977 (198%)	Natural Gas	\$590 (118%)
Repair and Maintenance	2,789 (56%)	Other	3,228 (54%)
Telephone	801 (160%)	Machinery and Equipment	19,792 (396%)
Electricity	1,242 (248%)		

Also, expenditures were made from line items for which appropriations were not set as follows: General Fund: Medicare \$218, Auditing Services \$3,063, UAN Fees \$790, Telephone \$498 and Other Insurance \$1,930; Gasoline Tax Fund: PERS \$1,915; Road and Bridge Fund: Operating Supplies \$4,778; Fire District Fund: Operating Supplies \$1,855 and Permissive Motor Vehicle License Tax Fund: Machinery and Equipment \$41,223.

We recommend that the Clerk routinely compare the appropriations to the actual disbursements at the legal level of control. The Treasurer should deny payment requests exceeding appropriations. The Treasurer may request the Board to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**PERRY TOWNSHIP
LAWRENCE COUNTY**

**CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-40744-001	Township intends to monitor budgetary appropriations more closely in relation to actual expenditures.	December 31, 2001	George Rowe, Clerk



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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PERRY TOWNSHIP

LAWRENCE 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
FEBRUARY 06, 2001**