



**Auditor of State
Betty Montgomery**

**PERRY TOWNSHIP
MONTGOMERY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountant's Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2002.....	3
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Cash Balance – Fiduciary Fund Type – For the Year Ended December 31, 2002.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001.....	5
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Cash Balance – Fiduciary Fund Type – For the Year Ended December 31, 2001.....	6
Notes to the Financial Statements.....	7
Independent Accountant's Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings.....	19

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Perry Township
Montgomery County
3025 Johnsville–Brookville Road
Brookville, Ohio 45309

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Montgomery County, (the Township) as of and for the years ended December 31, 2002 and 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 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 the Township as of December 31, 2002 and 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 September 15, 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 audit.

Perry Township
Montgomery County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of the management, 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". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 15, 2003

**PERRY TOWNSHIP
MONTGOMERY 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>	
Cash Receipts:			
Local Taxes	\$27,382	\$480,496	\$507,878
Intergovernmental	106,656	136,429	243,085
Special Assessments		1,519	1,519
Charges for Services		167,805	167,805
Licenses, Permits, and Fees	5,687	3,580	9,267
Fines, Forfeitures, and Penalties	380	5,652	6,032
Earnings on Investments	2,561	3,365	5,926
Other Revenue	42,653	63,933	106,586
	<u>185,319</u>	<u>862,779</u>	<u>1,048,098</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	204,437		204,437
Public Safety		549,524	549,524
Public Works		361,651	361,651
Health		21,323	21,323
Miscellaneous	247		247
Capital Outlay		72,946	72,946
	<u>204,684</u>	<u>1,005,444</u>	<u>1,210,128</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(19,365)</u>	<u>(142,665)</u>	<u>(162,030)</u>
Other Financing Receipts and (Disbursements):			
Transfers-In		185	185
Transfers-Out	(185)		(185)
Other Sources	339	3,158	3,497
	<u>154</u>	<u>3,343</u>	<u>3,497</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(19,211)	(139,322)	(158,533)
Fund Cash Balances, January 1	<u>36,298</u>	<u>385,972</u>	<u>422,270</u>
Fund Cash Balances, December 31	<u><u>\$17,087</u></u>	<u><u>\$246,650</u></u>	<u><u>\$263,737</u></u>

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

**PERRY TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Earning on Investments	<u>\$592</u>
Operating Income/(Loss)	592
Fund Cash Balance, January 1	<u>32,729</u>
Fund Cash Balance, December 31	<u><u>\$33,321</u></u>

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

**PERRY TOWNSHIP
MONTGOMERY 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	\$22,004	\$466,473		\$488,477
Intergovernmental	122,882	137,071	\$178,397	438,350
Special Assessments		1,278		1,278
Charges for Services		156,143		156,143
Licenses, Permits, and Fees	8,971	19,331		28,302
Fines, Forfeitures, and Penalties	4,486	2,537		7,023
Earnings on Investments	12,760	8,686		21,446
Other Revenue	15,926	69,631		85,557
Total Cash Receipts	<u>187,029</u>	<u>861,150</u>	<u>178,397</u>	<u>1,226,576</u>
Cash Disbursements:				
Current:				
General Government	205,870			205,870
Public Safety		637,321		637,321
Public Works		304,311		304,311
Health		32,231		32,231
Capital Outlay	2,669	13,744	178,397	194,810
Total Cash Disbursements	<u>208,539</u>	<u>987,607</u>	<u>178,397</u>	<u>1,374,543</u>
Total Receipts Over/(Under) Disbursements	<u>(21,510)</u>	<u>(126,457)</u>		<u>(147,967)</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		6,493		6,493
Advances-In		10,456		10,456
Transfers-Out	(6,493)			(6,493)
Advances-Out	(10,456)			(10,456)
Total Other Financing Receipts/(Disbursements)	<u>(16,949)</u>	<u>16,949</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(38,459)</u>	<u>(109,508)</u>		<u>(147,967)</u>
Fund Cash Balances, January 1	<u>74,757</u>	<u>495,480</u>		<u>570,237</u>
Fund Cash Balances, December 31	<u><u>\$36,298</u></u>	<u><u>\$385,972</u></u>	<u><u>\$0</u></u>	<u><u>\$422,270</u></u>
Reserve for Encumbrances, December 31	<u><u>\$0</u></u>	<u><u>\$369</u></u>	<u><u>\$0</u></u>	<u><u>\$369</u></u>

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

**PERRY TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Earning on Investments	<u>\$1,976</u>
Operating Income/(Loss)	<u>1,976</u>
Fund Cash Balance, January 1	<u>30,753</u>
Fund Cash Balance, December 31	<u><u>\$32,729</u></u>

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

**PERRY TOWNSHIP
MONTGOMERY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Perry Township, Montgomery 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 road and bridge maintenance, cemetery maintenance, fire protection, police services, refuse collection, and emergency medical services. The Township contracts with the Village of New Lebanon and the City of Brookville to provide fire services and Emergency Medical Services, Inc., to provide 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 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 or losses at the time of sale are recorded as receipts or disbursements, respectively.

Investments in STAR Ohio are recorded at share values reported by the mutual fund.

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.

**PERRY TOWNSHIP
MONTGOMERY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Garbage and Waste Disposal Fund – This fund assesses and collects fees for waste collection in the Township.

Police District Fund – The fund receives property tax money to provide police service to the Township

Fire District Fund – The funds receives property tax money to provide fire and ambulance services to the Township

3. 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 a grant from the State of Ohio to widen and resurface Heckathorn Road.

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:

Cemetery Bequest Fund – A nonexpendable trust fund. Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

**PERRY TOWNSHIP
MONTGOMERY 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. During 2002 and 2001 the Township did not encumber all expenditure commitments as required by Ohio law.

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

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

**PERRY TOWNSHIP
MONTGOMERY 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	\$263,737	\$422,270
STAR Ohio	33,321	32,729
Total investments	33,321	32,729
Total deposits and investments	\$297,058	\$454,999

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

Investments: Investments in STAR Ohio 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 are as follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$204,043	\$185,658	(\$18,385)
Special Revenue	953,157	866,122	(87,035)
Fiduciary	2,000	592	(1,408)
Total	\$1,159,200	\$1,052,372	(\$106,828)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$240,216	\$204,869	\$35,347
Special Revenue	1,335,506	1,055,444	280,062
Fiduciary	34,729	0	34,729
Total	\$1,610,451	\$1,260,313	\$350,138

**PERRY TOWNSHIP
MONTGOMERY COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$186,661	\$187,029	\$368
Special Revenue	871,056	878,099	7,043
Capital Projects	0	178,397	178,397
Fiduciary	1,849	1,976	127
Total	\$1,059,566	\$1,245,501	\$185,935

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$242,611	\$225,488	\$17,123
Special Revenue	1,392,310	987,976	404,334
Capital Projects	0	178,397	(178,397)
Fiduciary	0	0	0
Total	\$1,634,921	\$1,391,861	\$243,060

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority for the Office of Criminal Justice, Prymont Alley, and Public Works Commission (Issue 2) funds for the year ended December 31, 2001. Also contrary to Ohio law, at December 31, 2001, Motor Vehicle License, Police District, Fire District, Permissive Motor Vehicle, and Federal Cops Fast Fund funds appropriation authority exceeded the estimated resources available.

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding 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 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.

**PERRY TOWNSHIP
MONTGOMERY COUNTY**

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

5. RETIREMENT SYSTEMS

The Township's certified law enforcement officers and full time 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. Members of Law enforcements contributed 10.1% of their wages and the Township contributed an amount equal to 16.70%. For 2002 and 2001, all other members of PERS 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, 2002.

6. RISK MANAGEMENT

A. 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.

B. 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.

C. 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.

D. 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:

**PERRY TOWNSHIP
MONTGOMERY COUNTY**

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

6. RISK MANAGEMENT (Continued)

<u>Casualty Coverage</u>	2002	2001
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>	2002	2001
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>

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

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

Perry Township
Montgomery County
3025 Johnsville-Brookville Road
Brookville, Ohio 45309

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Montgomery County, (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated September 15, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-001 through 2002-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated September 15, 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 September 15, 2003.

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

This report is intended solely for the information and use of the management and 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

September 15, 2003

**PERRY TOWNSHIP
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-001

Ohio Rev. Code § 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue available for expenditure there from, as certified by the budget commission. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The following funds had appropriations in excess of the amounts certified as available by the Amended Certificate of Estimated Resources as of December 31, 2001:

	Total Appropriated	Total Resources	Variance
Motor Vehicle License (2011)	\$27,600	\$25,350	\$(2,250)
Police (2081)	472,752	446,407	(26,345)
Fire (2111)	290,800	276,397	(14,403)
Permissive Motor Vehicle (2231)	119,245	57,414	(61,831)
Federal Cops Fast Fund (2901)	10,200	1,056	(9,144)

The failure to maintain appropriations within the amounts certified by the budget commission as available on the Certificate of Estimated Resources could result in significant budget deficits.

To comply with Ohio Rev. Code § 5705.39 and improve budgetary controls, the Certificate of Estimated Resources should be amended on a timely basis to reflect changes in actual or expected revenue and the corresponding appropriation should be realigned accordingly.

FINDING NUMBER 2002-002

Ohio Rev. Code §5705.41 (B) states that no subdivision or taxing unit shall expend money unless it has been appropriated. The District had instances where budgetary expenditures exceeded appropriations at the legal level of control for the following funds:

2001	Total Expended	Total Appropriated.	Variance
Office of Criminal Justice (2905)	\$5,405	\$ -	\$(5,405)
Prymont Alley (2906)	5,000	-	(5,000)
Public Works Comm.- Issue 2 (4401)	178,397	-	(178,397)

2002	Total Expended	Total Appropriated	Variance
Fund/Function/Object level			
Police District Fund/Police Protection/ Salaries - All Other Township Staff	\$232,983	\$220,000	\$(12,983)
Police District Fund/Police Protection/Other	18,526	16,000	(2,526)

The Township should monitor appropriations and expenditures throughout the fiscal year, making amendments to appropriations as needed to be in compliance with this section of Ohio Revised Code. Implementing these procedures will also reduce the risk that the Township expends or certifies as available more than what was legally appropriated by the Board of Trustees.

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

FINDING NUMBER 2002-003

AOS Bulletin 2002-004 states that a local government shall include in its official or amended certificate of estimated resources the amount of Issue II monies anticipated to be received into the project fund during the fiscal year, along with its matching requirements, if appropriate. The fund appropriations should include the amount necessary to meet the obligations to be incurred during the fiscal year. If the project is not expected to be completed in the current year, the remainder of the project must be appropriated immediately in the subsequent year(s).

The Township failed to record \$178,397 disbursed in 2001 by the Ohio Public Works Commission (OPWC) on behalf of Perry Township. In addition, the Township failed to include the OPWC revenues in their Certificate of Estimated Resources and amendments, or in their appropriations for the year, contrary to the above requirements. The Township should follow the guidance in AOS Bulletin 2002-004 to accurately present the Township's financial activity when OPWC funding is received.

The financial statements for 2001 were adjusted to present the OPWC receipts and expenditures on behalf of the Township.

FINDING NUMBER 2002-004

Ohio Rev. Code Section 5705.41 (D), provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money without attaching thereto the certificate of the fiscal officer of the subdivision that the amount required to meet the same in the fiscal year in which the contract is made 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. Contracts and orders for expenditures lacking prior certification should be null and void.

This section also provides an exception to this requirement:

If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that these funds were properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000 (\$3,000 after April 7, 2003), the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

Our testing indicated that 16.67% of the disbursements transactions for the audit period were not certified prior to incurring the obligation and the exception above was not utilized. The failure to certify the availability of funds prior to incurring an obligation could result in negative fund balances and/or deficit spending by the Township. The Township should adopt policies and procedures to improve compliance with the certification requirement.

**PERRY TOWNSHIP
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-403570-001	Ohio Rev. Code Sec.5706.36 states that the principal of nonexpendable trust fund should not be included in the Certificate of Available Resources.	NO	Not corrected, Client included principal amount in both years, but did not expend principal. Re-issued as management letter comment.
2000-40357-002	Ohio Rev Code. Sec. 5705.41 (D) states that no expenditure of money is to be made unless there is a certificate of the fiscal officer that there are sufficient appropriations.	NO	Re-issued as Finding 2002-004.
2000-40357-003	Ohio Rev Code. Sec. 149.351 (A) states all records are property of the public office and shall not destroyed.	NO	Partially corrected, re-issued as a management letter comment.
2000-40357-004	Ohio Rev Code Sec 5705.41 (B) states that no subdivision expenditures shall exceed appropriations.	NO	Re-issued as Finding 2002-002.
2000-40357-005	Ohio Rev Code Sec. 5705.40 states that any amended appropriation must be approved by the board.	NO	No corrected, re-issued as a management letter comment.
2000-40357-006	Ohio Rev Code Sec. 5705.14 states that all transfers must be approved by the board.	Yes	
2000-40357-007	The Client did not reconcile bank accounts from March 2000 to December 2000.	Yes	



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

PERRY TOWNSHIP

MONTGOMERY 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
NOVEMBER 6, 2003**