

PERRY TOWNSHIP
MORROW COUNTY, OHIO

Audited Financial Statements

For the Year Ended December 31, 2005



Mary Taylor, CPA

Auditor of State

Board of Trustees
Perry Township
P. O. Box 212
Shauck, Ohio 43349

We have reviewed the *Independent Auditor's Report* of Perry Township, Morrow County, prepared by Van Krevel and Company, CPA's, for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Perry Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 18, 2007

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**Perry Township
Morrow County, Ohio**

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INDEPENDENT AUDITOR'S REPORT

Perry Township
Morrow County, Ohio
P. O. Box 212
Shauck, Ohio 43349

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Morrow County, Ohio (the Township) as of and for the year ended December 31, 2005. 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 reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United State of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of the State of Ohio permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of the State of Ohio permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matters discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2005, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Perry Township, Morrow County, Ohio as of December 31, 2005, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

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The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2007, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Van Krevel & Company".

Van Krevel & Company
Dublin, Ohio

November 9, 2007

Perry Township
Morrow County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
All Governmental Fund Types and Fiduciary Fund
For the Year Ended December 31, 2005

	<u>Governmental Funds Types</u>		<u>Fiduciary Fund</u>	Totals Memorandum <u>Only</u>
	<u>General</u>	<u>Special Revenue</u>	Private Purpose <u>Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 23,792	\$ 34,214	\$	\$ 58,006
Licenses, Permits and Fees		10,789		10,789
Intergovernmental	17,086	128,227		145,313
Special Assessments		369		369
Earnings on Investments	2,013	214		2,227
Miscellaneous	<u>1</u>	<u>7,700</u>		<u>7,701</u>
Total Cash Receipts	42,892	181,513	-	224,405
Cash Disbursements:				
Current:				
General Government	42,659	12,319		54,978
Public Safety	1,204			1,204
Public Works		130,217		130,217
Health	1,828	25,813	60	27,701
Capital Outlay		17,245		17,245
Debt Service:				
Redemption of Principal		6,000		6,000
Interest and Other Fiscal Charges		<u>755</u>		<u>755</u>
Total Cash Disbursements	45,691	192,349	60	238,100
Total Cash Receipts Over/ (Under) Cash Disbursements	(2,799)	(10,836)	(60)	(13,695)
Other Financing Receipts (Disbursements):				
Sale of Fixed Assets	100	1,200		1,300
Transfers In		152	3	155
Transfers Out	(155)			(155)
Advances In	3,000	3,000		6,000
Advances Out	<u>(3,000)</u>	<u>(3,000)</u>		<u>(6,000)</u>
Total Other Financing Receipts (Disbursements)	<u>(55)</u>	<u>1,352</u>	<u>3</u>	<u>1,300</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,854)	(9,484)	(57)	(12,395)
Fund Cash Balances, January 1	<u>29,687</u>	<u>109,743</u>	<u>573</u>	<u>140,003</u>
Fund Cash Balances-December 31	<u>\$ 26,833</u>	<u>\$100,259</u>	<u>\$ 516</u>	<u>\$127,608</u>
Reserve for Encumbrances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Perry Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Description of the Entity

Perry Township, Morrow 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 maintenance and cemetery maintenance.

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 the State of Ohio, which is similar to the cash receipts and cash disbursements basis of accounting. Receipts are recognized when received 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 the State of Ohio.

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.

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 those from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Perry Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D Fund Accounting (continued)

Cemetery Fund - This fund receives fees and taxes for the maintenance of two cemeteries located within the Township.

3 Fiduciary Funds (Trust Funds)

Fiduciary funds include private purpose trust funds and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The township had the following private purpose trust fund:

Miller Fund – This fund (a private purpose trust fund) was established for the perpetual care of a pair of cemetery graves.

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, and 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 re-appropriated in the subsequent year.

A summary of the 2005 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 in 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
Morrow County, Ohio

Notes to Financial Statements
December 31, 2005

NOTE 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>2005</u>
Demand Deposits	<u>\$127,608</u>

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

NOTE 3 BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2005, follows:

2005 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 43,720	\$ 42,992	\$ (728)
Special Revenue	162,505	182,865	20,360
Fiduciary	<u>5</u>	<u>3</u>	<u>(2)</u>
Totals	<u>\$206,230</u>	<u>\$225,860</u>	<u>\$19,630</u>

2005 Budgeted vs. Actual Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 63,361	\$ 45,846	\$ 17,515
Special Revenue	228,706	192,349	36,357
Fiduciary	<u>70</u>	<u>60</u>	<u>10</u>
Totals	<u>\$292,137</u>	<u>\$238,255</u>	<u>\$ 53,882</u>

NOTE 4 PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 semi-annual payments, the first half is due December 31. The second half payment is due the following June 20.

Perry Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2005

NOTE 4 PROPERTY TAXES (continued)

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 April 30 each year.

The County is responsible for assessing property and for billing, collecting and distributing all property taxes on behalf of the Township.

NOTE 5 DEBT

Debt outstanding at December 31, 2005, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note	\$12,000	4.5%

The general obligation note was issued in 2002 to finance the purchase of a new tractor and mower to be used for Township road maintenance. The note is secured by the Township's taxing authority and by the tractor and mower.

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

	<u>General Obligation Note</u>
Year Ending December 31, 2006	\$ 6,540
Year Ending December 31, 2007	<u>6,270</u>
	<u>\$12,810</u>

NOTE 6 RETIREMENT SYSTEM

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 2005, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2005. The Township has paid all contributions required through December 31, 2005.

NOTE 7 RISK MANAGEMENT

The Township is a member of the Ohio Government Risk Management Plan. This Plan assumes the risk of loss up to the limits of the Township's policy. Coverage is subject to deductibles and scheduled property. The following risks are covered by the Plan:

- General liability and casualty
- Public official's liability
- Property
- Vehicles

**INDEPENDENT ACCOUNTANT'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Perry Township
Morrow County, Ohio
P. O. Box 212
Shauck, Ohio 43349

To the Board of Trustees:

We have audited the financial statements of Perry Township, Morrow County, Ohio (the Township) as of and for the year ended December 31, 2005, and have issued our report thereon dated November 9, 2007, wherein we noted that the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for expressing our opinion on the financial statements and not to opine the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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Perry Township
Morrow County, Ohio
Independent Accountant's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards*

Compliance and Other Matters

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, and contract and grant agreements, non-compliance with which could have a direct and material affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we have reported to management of the Township in a separate letter dated November 9, 2007.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.



Van Krevel & Company
Dublin, Ohio

November 9, 2007



Mary Taylor, CPA
Auditor of State

PERRY TOWNSHIP

MORROW 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
DECEMBER 31, 2007**