



**PERRY TOWNSHIP  
STARK COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



PERRY TOWNSHIP  
STARK COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Perry Township  
Stark County  
3111 Hilton Street N.W.  
Massillon, Ohio 44646

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000. 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 audits.

We conducted our audits 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 audits 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 audits provide 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 reserve for encumbrances of Perry Township, Stark County, as of December 31, 2001 and 2000, 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 March 4, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, the Board and other officials authorized to receive this report under Section 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

March 4, 2002

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**PERRY TOWNSHIP  
STARK 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$66,012	\$3,999,776		\$4,065,788
Intergovernmental	873,557	503,449	\$195,857	1,572,863
Charges for Services		481,232		481,232
Special Assessments		3,990		3,990
Licenses, Permits, and Fees	91,391			91,391
Fines, Forfeitures, and Penalties	50,109	17,152		67,261
Interest	86,016	567		86,583
Donations		14,915		14,915
Other	48,045	170,922		218,967
Total Cash Receipts	<u>1,215,130</u>	<u>5,192,003</u>	<u>195,857</u>	<u>6,602,990</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	744,906			744,906
Public Safety	55,101	3,640,668		3,695,769
Public Works		1,546,965	195,857	1,742,822
Health	122,471			122,471
Conservation - Recreation	94,084			94,084
Capital Outlay		3,721		3,721
Total Cash Disbursements	<u>1,016,562</u>	<u>5,191,354</u>	<u>195,857</u>	<u>6,403,773</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>198,568</u>	<u>649</u>	<u>0</u>	<u>199,217</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		244		244
Transfers-Out	(244)			(244)
Other Sources	1,438		0	1,438
Total Other Financing Receipts/(Disbursements)	<u>1,194</u>	<u>244</u>	<u>0</u>	<u>1,438</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	199,762	893	0	200,655
Fund Cash Balances, January 1	<u>447,686</u>	<u>1,295,303</u>	<u>0</u>	<u>1,742,989</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$647,448</u></b>	<b><u>\$1,296,196</u></b>	<b><u>\$0</u></b>	<b><u>\$1,943,644</u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**PERRY TOWNSHIP  
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$58,732	\$3,442,691		\$3,501,423
Intergovernmental	709,835	849,994	\$380,000	1,939,829
Charges for Services		452,491		452,491
Licenses, Permits, and Fees	96,125			96,125
Fines, Forfeitures, and Penalties	45,173	14,450		59,623
Interest	80,588	490		81,078
Donations		12,858		12,858
Other	51,387	193,668		245,055
<b>Total Cash Receipts</b>	<u>1,041,840</u>	<u>4,966,642</u>	<u>380,000</u>	<u>6,388,482</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	776,154			776,154
Public Safety	213,047	2,770,983		2,984,030
Public Works		1,614,433	380,000	1,994,433
Health	73,579			73,579
Conservation - Recreation	75,548			75,548
<b>Total Cash Disbursements</b>	<u>1,138,328</u>	<u>4,385,416</u>	<u>380,000</u>	<u>5,903,744</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(96,488)</u>	<u>581,226</u>	<u>0</u>	<u>484,738</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Other Sources	2,638			2,638
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(93,850)</u>	<u>581,226</u>	<u>0</u>	<u>487,376</u>
<b>Fund Cash Balances, January 1</b>	<u>541,536</u>	<u>714,077</u>	<u>0</u>	<u>1,255,613</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$447,686</b></u>	<u><b>\$1,295,303</b></u>	<u><b>\$0</b></u>	<u><b>\$1,742,989</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

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



**PERRY TOWNSHIP  
STARK COUNTY**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	<b>Internal Service</b>	
	<b>2001</b>	<b>2000</b>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$481,219	\$352,900
<b>Operating Cash Disbursements:</b>		
Contractual Services	481,219	352,900
Operating Income	0	0
Fund Cash Balances, January 1,	0	0
<b>Fund Cash Balances, December 31,</b>	<b>\$0</b>	<b>\$0</b>
Reserve for Encumbrances, December 31,	\$0	\$0

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

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**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Perry Township, Stark 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 street and road maintenance, emergency management services, fire protection and police protection.

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 included in fund cash balances. 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.

Certificates of deposit and repurchase agreements are valued at cost.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Funds:

Police District Fund - This fund receives property tax and grant money for the purpose of funding the Township's police department.

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Fire District Fund - This fund receives property tax money and money for emergency services for the purpose of funding the Township's fire and emergency management departments.

**3. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township has the following significant Capital Projects Fund:

West Manor Phase I Fund - This fund is used to account for receipts from federal, state and local government to be used for the installation and improvement of the Township's storm sewer system.

**4. Internal Service Fund**

This fund is used to account for financing of goods or services provided by one department or agency to other departments or agencies of the Township. The Township had the following significant Internal Service Fund:

Medical Insurance Fund - This fund is used to account for receipts and expenditures associated with the Township's self-funded health insurance plan.

**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. 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay 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.

**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:

	<u>2001</u>	<u>2000</u>
Demand deposits	(\$21,356)	(\$97,011)
Certificates of deposit	<u>1,600,000</u>	<u>1,200,000</u>
Total deposits	<u>1,578,644</u>	<u>1,102,989</u>
Repurchase Agreement	<u>365,000</u>	<u>640,000</u>
Total deposits and investments	<u><u>\$1,943,644</u></u>	<u><u>\$1,742,989</u></u>

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

**Investments:** The Township's agent holds securities collateralizing repurchase agreements. The securities are not in the Township's name.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$911,980	\$1,216,568	\$304,588
Special Revenue	5,115,313	5,192,247	76,934
Capital Projects	1,800,000	195,857	(1,604,143)
Internal Service	<u>481,219</u>	<u>481,219</u>	<u>0</u>
Total	<u><u>\$8,308,512</u></u>	<u><u>\$7,085,891</u></u>	<u><u>(\$1,222,621)</u></u>

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,359,421	\$1,016,806	\$342,615
Special Revenue	6,410,137	5,191,354	1,218,783
Capital Projects	1,800,479	195,857	1,604,622
Internal Service	481,219	481,219	0
Total	<u>\$10,051,256</u>	<u>\$6,885,236</u>	<u>\$3,166,020</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$870,885	\$1,044,478	\$173,593
Special Revenue	4,478,085	4,966,642	488,557
Capital Projects	2,650,000	380,000	(2,270,000)
Internal Service	352,900	352,900	0
Total	<u>\$8,351,870</u>	<u>\$6,744,020</u>	<u>(\$1,607,850)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,412,420	\$1,138,328	\$274,092
Special Revenue	5,132,163	4,385,416	746,747
Capital Projects	2,650,000	380,000	2,270,000
Internal Service	352,900	352,900	0
Total	<u>\$9,547,483</u>	<u>\$6,256,644</u>	<u>\$3,290,839</u>

During 2001 and 2000, the Township did not certify the availability of funds for various expenditures which is contrary to Ohio Rev. Code Section 5705.41(D).

**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 payments, 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.

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**4. PROPERTY TAX (Continued)**

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

**5. DEBT**

The Township has received a loan (available on a drawdown basis) from the Ohio Public Works Commission (OPWC) for the West Manor Storm Sewer project in the amount of \$280,000. The Township is required to commit local dollars before the proceeds of this loan can be used on the West Manor Storm Sewer project. As of December 31, 2001, the Township had not met the its obligation of local contributions and thus, had not drawn any of the OPWC funds. Therefore, at December 31, 2001 there is no outstanding balance due by the Township.

**6. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of OP&F contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

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 insurance 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 judgements, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim. 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 General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Traveler Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

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, 2000 and 1999 (the latest information available):

<u>Casualty Coverage</u>	2000	1999
Assets	\$22,684,383	\$18,172,222
Liabilities	<u>8,924,977</u>	<u>5,947,013</u>
Retained earnings	<u>\$13,759,406</u>	<u>\$12,225,209</u>
<u>Property Coverage</u>	2001	2000
Assets	\$4,156,784	\$3,544,437
Liabilities	<u>497,831</u>	<u>674,752</u>
Retained Earnings	<u>\$3,658,953</u>	<u>\$2,869,685</u>

**Self Insurance**

The Township is also self insured for health, dental and vision coverage. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an average cost per employee method. In addition, the Township's various funds had direct expenditures of \$70,964 and \$85,579 in 2001 and 2000, respectively, which were not reflected within the Self Insurance Fund. A comparison of Self Insurance Fund cash and investments to the actuarially-measured liability as of December 31, 2001 follows (information for December 31, 2000 was not available):

Cash and investments	\$0
Actuarial liabilities	\$101,187

**8. CONTINGENT LIABILITIES**

The Township is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**9. JOINT VENTURE**

The Township participates in the Perry-Navarre Joint Economic Development District (the District) which is a statutorily created political subdivision of the State. The purpose of the District is to facilitate economic development and to preserve jobs and employment opportunities. This joint venture is considered a separate reporting entity by the Township's administration. Accordingly, the joint venture has not been included in these financial statements.

**10. COMMITMENT**

On August 6, 2001, the Township entered into an agreement with Sutphen Corporation for the purchase of fire apparatus and equipment. The cost of the fire apparatus and equipment is \$538,628. The Township was required to make \$80,000 payments 15 days after signing the contract and 6 months after execution of the contract. An additional \$50,000 is due 13 months after execution of the contract. The two \$80,000 payments have been made. The Township currently plans to make the \$50,000 payment from available resources. The balance, or \$328,628, is due at delivery of the fire apparatus and the Township intends to seek financing to cover this commitment .

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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

Perry Township  
Stark County  
3111 Hilton Street N.W.  
Massillon, Ohio 44646

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Stark County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 4, 2002. We conducted our audits 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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 2001-41276-001.

We also noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 4, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 March 4, 2002.

Perry Township  
Stark 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.

**Jim Petro**  
Auditor of State

March 4, 2002

**PERRY TOWNSHIP  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-41276-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(D)** requires that no subdivision or taxing unit make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same 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. Every such contract made without such certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two "exceptions" to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
2. If the amount involved is less than \$1,000, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

We noted approximately 30% of expenditures tested were not properly certified by the Clerk. Included in these were 7 expenditures noted throughout nonpayroll disbursements, contracts, and encumbrance testing that were improperly made as "Direct" (i.e. reoccurring) payments and thus not certified as to the availability of Township funds. It was also found that neither of the two exceptions above were utilized for the items found to be in non-compliance.

The Township should inform all Township employees of the requirements of Ohio Rev. Code Section 5705.41(D). The Township should consider, on occasion, the use of so called Then and Now certificates. Although the Township utilizes blanket certificates (as further permitted by Ohio Rev. Code 5705.41) it should review its procedures for the timing of opening and closing blanket certificates which contributed to some of the instances noted above.

Additionally, the Township periodically utilizes the procedure of making "Direct" (i.e. reoccurring) payments to vendors. "Direct" payments do not require the fiscal officer to attach a certification of the fiscal officer. However, these "Direct" expenditures are restricted to payroll and payroll related expenditures. The Township should implement policies and procedures to ensure only payroll related expenditures are made as "Direct" expenditures.

A similar comment was made within the prior audit report.

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**PERRY TOWNSHIP  
STARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-41276-001	The Township did not properly certify its expenditures prior to commitment.	No	Comment is repeated in current report as Finding No. 2001-41276-001.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**PERRY TOWNSHIP**

**STARK 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  
MAY 9, 2002**