

**ATHENS TOWNSHIP
ATHENS COUNTY
Regular Audit
December 31, 2005 and 2004**



**Auditor of State
Betty Montgomery**

Board of Trustees
Athens Township
PO Box 193
The Plains, Ohio 45780

We have reviewed the *Independent Accountants' Report* of Athens Township, Athens County, prepared by Perry & Associates for the audit period January 1, 2004 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's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the AOS 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 Accountants' Report* also includes an opinion on the financial statements using the regulatory format the AOS 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. Athens Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

June 19, 2006

This Page is Intentionally Left Blank.

**ATHENS TOWNSHIP
ATHENS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1-2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004	4
Notes to the Financial Statements	5-12
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13-14
Schedule of Findings	15
Schedule of Prior Audit Findings	16

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

INDEPENDENT ACCOUNTANTS' REPORT

June 6, 2006

Athens Township
Athens County
P.O. Box 193
The Plains, Ohio 45780

To the Board of Trustees:

We have audited the accompanying financial statements of Athens Township, Athens County, Ohio, (the Township) as of and for the years ended December 31, 2005 and 2004. 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 the Comptroller General of the United States' *Government Auditing Standards*. 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 States 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately beginning in 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State 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 matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 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 and 2004 or their 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 Athens Township, Athens County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Government 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 June 6, 2006, 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.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

**ATHENS TOWNSHIP
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$ 100,675	\$ 661,122	\$ 83,445	\$ 845,241
Intergovernmental	58,207	474,807	-	533,014
Licenses, Permits, and Fees	-	369	-	369
Earnings on Investments	7,262	1,435	-	8,697
Other Revenue	<u>75,325</u>	<u>-</u>	<u>-</u>	<u>75,325</u>
Total Cash Receipts	241,469	1,137,733	83,445	1,462,646
Cash Disbursements:				
Current:				
General Government	261,069	-	-	261,069
Public Safety	-	223,633	-	223,633
Public Works	4,523	792,256	-	796,779
Health	13,374	-	-	13,374
Debt Service:				
Redemption of Principal	-	34,163	72,768	106,931
Interest and Fiscal Charges	-	3,346	10,698	14,044
Capital Outlay	<u>62,174.82</u>	<u>214,050</u>	<u>-</u>	<u>276,225</u>
Total Cash Disbursements	341,140	1,267,448	83,467	1,692,055
Total Cash Receipts Over/(Under) Disbursements	(99,672)	(129,715)	(22)	(229,408)
Other Financing Receipts and (Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Fixed Assets	-	15,420	-	15,420
Transfers-In	-	-	22	22
Advances-In	64,000	64,000	-	128,000
Transfers-Out	(22)	-	-	(22)
Advances-Out	(64,000)	(64,000)	-	(128,000)
Other Sources	<u>157</u>	<u>200</u>	<u>-</u>	<u>357</u>
Total Other Financing Receipts/(Disbursements)	135	15,620	22	15,777
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(99,536)	(114,095)	(0)	(213,631)
Fund Cash Balances, January 1	<u>441,301</u>	<u>546,538</u>	<u>4,765</u>	<u>992,604</u>
Fund Cash Balances, December 31	<u>\$ 341,764</u>	<u>\$ 432,443</u>	<u>\$ 4,765</u>	<u>\$ 778,972</u>

The accompanying notes to the basic financial statements are an integral part of these statements

**ATHENS TOWNSHIP
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$ 91,262	\$ 604,898	\$ 101,263	\$ 797,423
Intergovernmental	116,827	218,889	-	335,716
Charges for Services	-	58	-	58
Earnings on Investments	3,958	695	-	4,653
Other Revenue	<u>53,126</u>	<u>15,000</u>	<u>-</u>	<u>68,126</u>
Total Cash Receipts	265,172	839,539	101,263	1,205,975
Cash Disbursements:				
Current:				
General Government	241,023	-	-	241,023
Public Safety	-	219,402	-	219,402
Public Works	3,308	560,583	-	563,891
Health	10,698	-	-	10,698
Debt Service:				
Redemption of Principal	-	73,970	86,547	160,517
Interest and Fiscal Charges	-	3,541	14,717	18,257
Capital Outlay	<u>46,377</u>	<u>159,911</u>	<u>-</u>	<u>206,288</u>
Total Cash Disbursements	301,406	1,017,407	101,263	1,420,076
Total Cash Receipts Over/(Under) Disbursements	(36,234)	(177,868)	-	(214,102)
Other Financing Receipts and (Disbursements):				
Proceeds from Sale of Public Debt:				
Other Sources	<u>41,188</u>	<u>75,000</u>	<u>-</u>	<u>116,188</u>
Total Other Financing Receipts/(Disbursements)	41,188	75,000	-	116,188
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	4,955	(102,868)	-	(97,913)
Fund Cash Balances, January 1	<u>436,346</u>	<u>649,406</u>	<u>4,765</u>	<u>1,090,517</u>
Fund Cash Balances, December 31	<u>\$ 441,301</u>	<u>\$ 546,538</u>	<u>\$ 4,765</u>	<u>\$ 992,604</u>

The accompanying notes to the basic financial statements are an integral part of these statements

**ATHENS TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Athens Township, Athens 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 (public works), cemetery maintenance (health), and fire protection (public safety).

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

The Township Clerk invests all available funds of the Township in an interest-bearing checking account and a market index (savings) account.

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 that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Funds:

**ATHENS TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

Motor Vehicle License Tax Fund – This fund receives motor vehicle license 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.

Special Levy: Richland Fire District Fund – This fund receives property tax money to provide fire protection to the residents of the Township through a contract with the Richland Fire Department.

Special Levy: The Plains Fire District Fund – This fund receives property tax money to provide fire protection to the residents of the Township through The Plains Fire Department.

Special Levy: The Plains Fire Equipment Fund – This fund receives property tax money to provide for fire equipment for The Plains Fire Department.

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

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and notes of indebtedness, The Township had the following Debt Service Fund:

General Note Retirement Fund – This fund receives road and bridge property tax money to retire debt incurred by the Township for road maintenance and equipment.

**ATHENS TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(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, 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 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year.

A summary of 2005 and 2004 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.

**ATHENS TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. EQUITY IN POOLED CASH

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	2005	2004
Demand Deposits		
Checking	\$ 677,608	\$ 894,173
Market Index (Savings) Account	<u>101,364</u>	<u>98,431</u>
Total deposits	<u>\$ 778,972</u>	<u>\$ 992,604</u>

Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

**ATHENS TOWNSHIP
ATHENS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 212,200	\$ 241,626	\$ 29,426
Special Revenue	864,300	1,153,353	289,053
Debt Service	120,953	83,467	(37,487)
Total	<u>\$ 1,197,453</u>	<u>\$ 1,478,445</u>	<u>\$ 280,992</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 416,000	\$ 341,162	\$ 74,838
Special Revenue	1,496,217	1,267,448	228,770
Debt Service	83,467	83,467	-
Total	<u>\$ 1,995,684</u>	<u>\$ 1,692,076</u>	<u>\$ 303,608</u>

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 197,778	\$ 306,361	\$ 108,583
Special Revenue	724,586	914,540	189,954
Debt Service	101,263	101,263	-
Total	<u>\$ 1,023,627</u>	<u>\$ 1,322,164</u>	<u>\$ 298,537</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 475,654	\$ 301,406	\$ 174,248
Special Revenue	1,333,202	1,017,407	315,795
Debt Service	101,263	101,263	-
Total	<u>\$ 1,910,119</u>	<u>\$ 1,420,076</u>	<u>\$ 490,043</u>

**ATHENS TOWNSHIP
ATHENS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. DEBT

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
General Obligation Note - Pumper Truck	\$ 107,423.20	2.35%
General Obligation Note - Grader/Roller	62,002.61	1.65%
General Obligation Note - Dump Truck	56,803.11	2.00%
OPWC Loan - Road Improvement	345,153.12	2.00%
Total	\$ 571,382.04	

The Township issued a general obligation note in 2003 for \$175,000 for the purchase of a pumper truck. This note is backed by the full faith and credit of the Township.

The Township issued a general obligation note in 2003 for \$101,683 for the purchase of a grader/roller. This note is backed by the full faith and credit of the Township.

The Township issued a general obligation note in 2004 for \$75,000 for the purchase of a dump truck. This note is backed by the full faith and credit of the Township.

In 2000, payments began on the Ohio Public Works Commission loan which was entered into by the Township in 1998 for road work. This note is backed by the full faith and credit of the Township.

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

Year Ending December 31:	Pumper Truck	Grader/ Roller	Dump Truck	OPWC Loan	Total
2006	37,508	21,355	19,698	28,388	106,949
2007	37,508	21,355	19,698	28,388	106,949
2008	37,508	21,350	19,681	28,388	106,927
2009				28,388	28,388
2010				28,388	28,388
2011-2015				141,940	141,940
2016-2019				113,552	113,552
Total	\$ 112,524	\$ 64,060	\$ 59,077	\$ 397,432	\$ 633,093

**ATHENS TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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.

6. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement 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 and 2004, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries, these amounts were \$24,899.85 in 2005 and \$23,059.27 in 2004. The Township has paid all contributions required through December 31, 2005.

7. RISK MANAGEMENT

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.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures 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.

**ATHENS TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

RISK MANAGEMENT (Continued)

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 Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding 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 township.

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, 2004 and 2003 (the latest information available):

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	<u>(13,640,962)</u>	<u>(11,791,300)</u>
Retained earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	<u>(753,906)</u>	<u>(750,956)</u>
Retained earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

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

June 6, 2006

Athens Township
Athens County
P.O. Box 193
The Plains, Ohio 45780

To the Board of Trustees:

We have audited the financial statements of Athens Township, Athens County, (the Township) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 6, 2006, wherein we noted 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Athens Township
Athens County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Township Trustees, 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.

Perry and Associates
Certified Public Accountants, A.C.

**ATHENS TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

No Findings

**ATHENS TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
-------------------	--------------------	---------------------	---

No Prior Findings



**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

ATHENS TOWNSHIP

ATHENS 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
JUNE 29, 2006**