

**PERRY TOWNSHIP  
FRANKLIN COUNTY, OHIO**

*Financial Statements  
(Audited)*

For The Years Ended  
December 31, 2006 and 2005

**WALTER ROCH VONROCHSBURG, FISCAL OFFICER**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Perry Township  
7125 Sawmill Road  
Dublin, Ohio 43016

We have reviewed the *Independent Auditor's Report* of Perry Township, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2005 through December 31, 2006. 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

September 7, 2007

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**PERRY TOWNSHIP  
FRANKLIN COUNTY, OHIO**

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Independent Auditor's Report**

Perry Township  
Franklin County  
7125 Sawmill Road  
Dublin, Ohio 43016

We have audited the accompanying financial statements of Perry Township (the "Township"), Franklin County, as of and for the years ended December 31, 2006 and 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 the Comptroller General of the United States' *Government Auditing Standards*. 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 described more fully in Note 2, the Township prepared these financial statement 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, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for December 31, 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for December 31, 2006 and 2005. 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 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, 2006 and 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Perry Township, as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of Perry Township, Franklin County, as of and for the years ended December 31, 2006 and 2005, and its combined cash receipts and disbursements and combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the basis of accounting described in Note 2.

Independent Auditor's Report  
Perry Township  
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The aforementioned revision to GAAP also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. 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 June 15, 2007, on our consideration of Perry 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 "Julian E. Grube, Inc.".

Julian & Grube, Inc.  
June 15, 2007

**PERRY TOWNSHIP  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES  
ALL FUND TYPES  
DECEMBER 31, 2006 AND 2005

<u>Cash and Investments</u>	<u>2006</u>	<u>2005</u>
Cash and Cash Equivalents	\$ 1,563,993	\$ 1,839,819
Investments	<u>3,227,117</u>	<u>2,722,046</u>
Total Cash and Investments	<u>\$ 4,791,110</u>	<u>\$ 4,561,865</u>
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 3,846,822	\$ 3,504,161
Special Revenue Funds	<u>944,288</u>	<u>1,057,704</u>
Total Fund Balances	<u>\$ 4,791,110</u>	<u>\$ 4,561,865</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**PERRY TOWNSHIP  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash receipts:			
Local taxes	\$ 205,003	\$ 1,767,560	\$ 1,972,563
Intergovernmental	368,225	313,028	681,253
Fines, Licenses, Permits and Fees	32,206	16,199	48,405
Fines and Forfeitures	-	89,055	89,055
Interest	180,362	583	180,945
Miscellaneous	5,131	28,919	34,050
Total cash receipts	790,927	2,215,344	3,006,271
Cash disbursements:			
Current:			
General government	452,166	-	452,166
Public safety	49,636	1,631,200	1,680,836
Public works	9,291	463,961	473,252
Health	12,462	-	12,462
Capital outlay	74,711	91,871	166,582
Debt service:			
Principal retirement	-	10,956	10,956
Interest and fiscal charges	-	272	272
Total cash disbursements	598,266	2,198,260	2,796,526
Total cash receipts over/(under) cash disbursements	192,661	17,084	209,745
Other financing receipts/(disbursements):			
Proceeds from sale of assets	-	19,500	19,500
Advances in	280,000	130,000	410,000
Advances out	(130,000)	(280,000)	(410,000)
Total other financing receipts/(disbursements)	150,000	(130,500)	19,500
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	342,661	(113,416)	229,245
Cash fund balances, January 1, 2006	3,504,161	1,057,704	4,561,865
Cash fund balances, December 31, 2006	\$ 3,846,822	\$ 944,288	\$ 4,791,110

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PERRY TOWNSHIP  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2006 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2006 Appropriations	Total	Actual 2006 Disbursements	Encumbrances Outstanding at 12/31/06	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 3,265,498	\$ 509,894	\$ 3,775,392	\$ 1,070,927	\$ 561,033	\$ -	\$ 3,717,500	\$ 3,717,500	\$ 728,266	\$ -	\$ 728,266	\$ 2,989,234
Special Revenue	<u>1,142,040</u>	<u>2,147,789</u>	<u>3,289,829</u>	<u>2,364,844</u>	<u>217,055</u>	<u>-</u>	<u>3,213,521</u>	<u>3,213,521</u>	<u>2,478,260</u>	<u>-</u>	<u>2,478,260</u>	<u>735,261</u>
Total												
(Memorandum Only)	<u>\$ 4,407,538</u>	<u>\$ 2,657,683</u>	<u>\$ 7,065,221</u>	<u>\$ 3,435,771</u>	<u>\$ 778,088</u>	<u>\$ -</u>	<u>\$ 6,931,021</u>	<u>\$ 6,931,021</u>	<u>\$ 3,206,526</u>	<u>\$ -</u>	<u>\$ 3,206,526</u>	<u>\$ 3,724,495</u>

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**PERRY TOWNSHIP  
FRANKLIN COUNTY, OHIO**

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

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash receipts:			
Local taxes	\$ 176,963	\$ 1,775,896	\$ 1,952,859
Intergovernmental	361,288	318,770	680,058
Fines, Licenses, Permits and Fees	40,769	4,622	45,391
Fines and forefitures	-	70,005	70,005
Interest	119,726	95	119,821
Miscellaneous	4,804	35,634	40,438
Total cash receipts	<u>703,550</u>	<u>2,205,022</u>	<u>2,908,572</u>
Cash disbursements:			
Current:			
General government	379,007	-	379,007
Public safety	1,418	1,785,654	1,787,072
Public works	14,524	387,255	401,779
Health	22,534	-	22,534
Capital outlay	34,685	114,397	149,082
Debt service:			
Principal retirement	-	8,383	8,383
Interest and fiscal charges	-	634	634
Total cash disbursements	<u>452,168</u>	<u>2,296,323</u>	<u>2,748,491</u>
Total cash receipts over/(under) cash disbursements	<u>251,382</u>	<u>(91,301)</u>	<u>160,081</u>
Other financing receipts/(disbursements):			
Proceeds from sale of assets	-	14,000	14,000
Advances in	330,000	480,000	810,000
Advances out	(480,000)	(330,000)	(810,000)
Total other financing receipts/(disbursements)	<u>(150,000)</u>	<u>164,000</u>	<u>14,000</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	101,382	72,699	174,081
Cash fund balances, January 1, 2005	<u>3,402,779</u>	<u>985,005</u>	<u>4,387,784</u>
Cash fund balances, December 31, 2005	<u>\$ 3,504,161</u>	<u>\$ 1,057,704</u>	<u>\$ 4,561,865</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PERRY TOWNSHIP  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2005

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2005 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2005 Appropriations	Total	Actual 2005 Disbursements	Encumbrances Outstanding at 12/31/05	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 3,225,694	\$ 475,700	\$ 3,701,394	\$ 1,033,550	\$ 557,850	\$ -	\$ 3,381,432	\$ 3,381,432	\$ 932,168	\$ -	\$ 932,168	\$ 2,449,264
Special Revenue	<u>1,104,129</u>	<u>2,105,893</u>	<u>3,210,022</u>	<u>2,699,022</u>	<u>593,129</u>	<u>-</u>	<u>2,758,588</u>	<u>2,758,588</u>	<u>2,626,323</u>	<u>-</u>	<u>2,626,323</u>	<u>132,265</u>
Total												
(Memorandum Only)	<u>\$ 4,329,823</u>	<u>\$ 2,581,593</u>	<u>\$ 6,911,416</u>	<u>\$ 3,732,572</u>	<u>\$ 1,150,979</u>	<u>\$ -</u>	<u>\$ 6,140,020</u>	<u>\$ 6,140,020</u>	<u>\$ 3,558,491</u>	<u>\$ -</u>	<u>\$ 3,558,491</u>	<u>\$ 2,581,529</u>

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**PERRY TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 1 - DESCRIPTION OF THE ENTITY**

Perry Township, Franklin 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 and bridge maintenance. The Township also provides police protection. The Township contracts with the City of Upper Arlington and the City of Worthington to provide dispatch services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The most significant of the Township's accounting policies are described below.

**A. BASIS OF PRESENTATION - FUND ACCOUNTING**

The accounts of the Township are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Township:

Governmental Fund Types

General Fund

The general fund is used to account for all activities of the Township not required to be included in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds are used to account for proceeds of specific revenue sources (other than from trusts or for capital projects) that are legally restricted to expenditure for specific purposes.

The Township had the following significant special revenue funds:

**PERRY TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Police District Fund* - This fund receives property tax money for providing security of persons and property for Township residents.

**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. BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The primary level of budgetary control is at the item level within a department and fund. Any budgetary modifications at this level may only be made by resolution of the Township's Board of Trustees. The Township had several budget modifications throughout the years ended December 31, 2006 and 2005.

*Tax Budget:*

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except certain agency funds, are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

**PERRY TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Estimated Resources:*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Township by September 1. As part of this certification, the Township receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Township determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Township must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

*Appropriations:*

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Township legally adopted several supplemental appropriations during 2006 and 2005.

*Encumbrances:*

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated. The Township had no outstanding encumbrances at December 31, 2006 and 2005.

**PERRY TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. CASH AND CASH EQUIVALENTS**

For reporting purposes, the Township considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Township with a maturity date less than or equal to three months from the date of purchase. Interest earned on investments held is credited to its respective funds. Interest income earned and received by the Township totaled \$180,945 and \$119,821 for the years ended December 31, 2006 and 2005, respectively.

**E. PROPERTY, PLANT AND EQUIPMENT**

Capital assets are not capitalized in any of the Township's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded

**F. UNPAID VACATION AND SICK LEAVE**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**G. INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Township's cash basis method of accounting.

**H. INTERFUND TRANSACTIONS**

During the course of normal operations, the Township had transactions between funds. The most significant include advances of resources from one fund to another fund. The resources advanced are temporary loans of cash.

**I. TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.



**PERRY TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

	<u>2006</u>	<u>2005</u>
Deposits:		
Demand deposits	\$ 1,563,993	\$ 1,839,819
Total Deposits	<u>1,563,993</u>	<u>1,839,819</u>
Investments:		
STAR Ohio	1,681,994	1,602,047
US Treasury Notes	<u>1,545,123</u>	<u>1,119,999</u>
Total investments	<u>3,227,117</u>	<u>2,722,046</u>
Total deposits and investments	<u>\$ 4,791,110</u>	<u>\$ 4,561,865</u>

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

*Investments:* U.S. Treasury notes are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

**NOTE 4 - PROPERTY TAX**

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 January 20. If the property owner elects to make semiannual payments, the first half is due January 20. The second half payment is due on the following June 20.

**PERRY TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 4 - PROPERTY TAX - (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 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.

**NOTE 5 - DEBT OBLIGATION**

At December 31, 2006 and 2005, the Township's debt obligation consisted of the following issuance:

<u>Description</u>	<u>Balance at 12/31/06</u>	<u>Balance at 12/31/05</u>
2002 National City Bank Note (911 Upgrade) due in monthly installments through 2006, bearing interest at 4.34%.	<u>\$ -</u>	<u>\$ 10,956</u>

Transactions for the years ended December 31, 2006 and 2005 are summarized as follows:

	<u>Balance 12/31/05</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/06</u>
2002 911 Upgrade	<u>\$ 10,956</u>	<u>\$ -</u>	<u>\$ (10,956)</u>	<u>\$ -</u>
	<u>Balance 12/1/04</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/05</u>
2002 911 Upgrade	<u>\$ 19,339</u>	<u>\$ -</u>	<u>\$ (8,383)</u>	<u>\$ 10,956</u>

**NOTE 6 - RETIREMENT SYSTEMS**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-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.

**PERRY TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 6 - RETIREMENT SYSTEMS - (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2006 and 2005, members of OPERS participants contributed 9.0% and 8.5% of their wages, respectively. The Township contributed an amount equal to 13.55% and 13.77% of their wages to OPERS, for the years ended 2006 and 2005, respectively. The Township has paid all contributions required through December 31, 2006 and 2005.

**NOTE 7 - RISK MANAGEMENT**

**Risk Pool Membership**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

**PERRY TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 7 - RISK MANAGEMENT - (Continued)**

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2006 and 2005:

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$ 32,031,312	\$ 30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained earnings	<u>\$ 20,587,360</u>	<u>\$ 18,141,062</u>
<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$ 10,010,963	\$ 9,177,796
Liabilities	<u>(676,709)</u>	<u>(1,406,031)</u>
Retained earnings	<u>\$ 9,334,254</u>	<u>\$ 7,771,765</u>

**PERRY TOWNSHIP  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**NOTE 7 - RISK MANAGEMENT - (Continued)**

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$40,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**Contributions to OTARMA**

2006	\$ 20,202
2005	\$ 19,234
2004	\$ 21,282

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

The Township also provides health, vision and dental insurance coverage to full-time employees through a private carrier.

**PERRY TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 8 - INTERFUND TRANSACTIONS**

The Township had the following interfund transactions for the year ended December 31, 2006 and 2005:

<u>Fund Type/Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
<u>2006:</u>		
General Fund	\$ 280,000	\$ 130,000
<u>Special Revenue Funds:</u>		
Road and Bridge	30,000	80,000
Police District	100,000	200,000
Total Special Revenue	130,000	280,000
Total	<u>\$ 410,000</u>	<u>\$ 410,000</u>

<u>Fund Type/Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
<u>2005:</u>		
General Fund	\$ 330,000	\$ 480,000
<u>Special Revenue Funds:</u>		
Road and Bridge	100,000	50,000
Police District	180,000	80,000
Fire	200,000	200,000
Total Special Revenue Funds	480,000	330,000
Total	<u>\$ 810,000</u>	<u>\$ 810,000</u>

**NOTE 9 - CONTINGENT LIABILITIES**

On May 27, 2007, a former Township employee filed a lawsuit against the Township regarding a claim filed with the Bureau of Workers' Compensation on December 24, 2005. The plaintiff is seeking the right to participate under the Workers' Compensation Act of Ohio for his conditions, costs and other relief. The Township's counsel has assessed preliminarily that the case is without merit. In management's opinion, the ultimate liability of the suit, if any, would not have a material effect on the financial statements.



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

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### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Perry Township  
Franklin County  
7125 Sawmill Road  
Dublin, Ohio 43016

We have audited the financial statements of Perry Township as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 15, 2007, wherein we noted Perry 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 Perry Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Perry Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Perry 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 the normal course of performing their assigned function, 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 Perry 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 a misstatement or the Perry Township's financial statements that is more than inconsequential will not be prevented or detected by the Perry Township's internal control.

Board of Trustees  
Perry Township

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance whether Perry Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

In addition, we noted certain matters involving the internal control and its operations and compliance and other matters that we reported to the management of the Township in a separate letter dated June 15, 2007.

This report is intended for the information of the Trustees and management of Perry Township, and is not intended to be and should not be used by anyone other than those specified.



Julian & Grube, Inc.  
June 15, 2007





**Mary Taylor, CPA**  
Auditor of State

**PERRY TOWNSHIP**

**FRANKLIN 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  
SEPTEMBER 20, 2007**