

**PERRY TOWNSHIP
HOCKING COUNTY
Regular Audit
December 31, 2007 and 2006**



Mary Taylor, CPA
Auditor of State

Board of Trustees
Perry Township, Hocking County
20535 State Route 180
Laurelville, OH 43135

We have reviewed the *Independent Accountants' Report* of Perry Township, Hocking County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2006 through December 31, 2007. 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.

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, Hocking County is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 14, 2008

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**PERRY TOWNSHIP
HOCKING COUNTY**

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**PERRY TOWNSHIP
HOCKING COUNTY**

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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

April 15, 2008

Perry Township
Hocking County
20535 State Rte 180
Laurelville, Ohio 43135

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Perry Township, Hocking County, Ohio**, (the Township) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. 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 2, the Township has prepared these financial statements using the cash basis of accounting. These practices differ from accounting principles generally accepted in the United States of America (GAAP).

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Perry Township, Hocking County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge and Special Levy Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2008, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

Perry Township, Hocking County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and December 31, 2006
Unaudited

This discussion and analysis of Perry Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and 2006 within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities decreased \$40,893 or 16 percent, a significant change from the prior year. The funds most affected by the decrease in cash and cash equivalents were the General fund, Motor Vehicle and the Road Special Levy. The Township built an addition to a storage building and spent more money on improving the roads. Cost increases affected most funds.

The Township's largest general receipts are primarily property taxes. These receipts represented respectively, 77% of the total cash received for the activities during the year. Property taxes for 2007 increased compared to 2006 by 5%. The Intergovernmental revenue in the General Fund decreased \$39,719 due to a large estate tax received in 2006.

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$95,820, or 62 percent a significant change from the prior year. The funds most affected by the increase in cash and cash equivalents were the General Fund and Gas Tax Fund, which realized the greatest increases in revenue; however, cost decreases affected most funds.

The Township's largest general receipts are primarily property taxes. These receipts represented respectively, 66% of the total cash received for the activities during the year. Property and income tax receipts for 2006 changed very little compared to 2005 as development within the Township has slowed.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Perry Township, Hocking County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and December 31, 2006
Unaudited

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property tax.

Activities of the Township are listed in the statement of net assets and statement of activities.

Governmental Activities - The Township's basic services are reported here. Gasoline tax, along with property tax and other tax, finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Fund, Road and Bridge Fund and Special Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Perry Township, Hocking County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and December 31, 2006
Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 and 2005 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		
	2007	2006	2005
Assets			
Cash and Cash Equivalents	\$207,982	\$248,875	\$153,055
Total Assets	\$207,982	\$248,875	\$153,055
Net Assets			
Restricted for:			
Permanent			
Expendable	\$271	\$2,823	\$2,594
Nonexpendable	\$7,234	\$7,234	\$7,234
Other Purposes	130,235	142,151	70,713
Unrestricted	70,242	96,667	72,514
Total Net Assets	\$207,982	\$248,875	\$153,055

As mentioned previously, net assets of governmental activities decreased \$40,893 or 16 percent during 2007 and increased \$95,820, or 62 percent in 2006. The primary reasons contributing to the decreases in cash balances are as follows:

- Road improvement costs decreased in 2006 and increased in 2007.
- A large estate tax was received in 2006, approximately \$40,000
- An addition to the storage building was built as well as roof replacement on the existing building in 2007

Table 2 reflects the changes in net assets in 2007 and 2006 for governmental activities.

Perry Township, Hocking County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and December 31, 2006
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2007	2006	2006
Receipts:			
Program Receipts:			
Operating Grants and Contributions	\$ 105,332	\$ 109,661	\$ 116,897
Total Program Receipts	<u>105,332</u>	<u>109,661</u>	<u>116,897</u>
General Receipts:			
Property Taxes	190,321	189,837	162,181
Other Taxes	23,892	21,503	18,108
Grants and Entitlements Not Restricted to Specific Programs	17,604	57,395	22,264
Sale of Fixed Asset	-	2,006	-
Interest	1,512	1,384	1,434
Miscellaneous	<u>11,157</u>	<u>10,541</u>	<u>861</u>
Total General Receipts	<u>244,486</u>	<u>282,666</u>	<u>204,848</u>
Total Receipts	<u>349,818</u>	<u>392,327</u>	<u>321,745</u>
Disbursements:			
General Government	76,500	75,623	71,208
Public Safety	30,733	31,656	33,745
Public Works	261,408	185,786	308,894
Health	2,800	-	-
Capital Outlay	<u>19,270</u>	<u>3,442</u>	<u>-</u>
Total Disbursements	<u>390,711</u>	<u>296,507</u>	<u>413,847</u>
Increase (Decrease) in Net Assets	(40,893)	95,820	(92,102)
Net Assets, January 1	<u>248,875</u>	<u>153,055</u>	<u>245,157</u>
Net Assets, December 31	<u>\$207,982</u>	<u>\$248,875</u>	<u>\$153,055</u>

Program receipts represent 30 percent in 2007 and 28 percent in 2006 of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 70 percent in 2007 and 72 percent in 2006 of the Township's total receipts, and of this amount, over 77 percent in 2007 and 67 percent in 2006 are property taxes. State and federal grants and entitlements make up 7 percent in 2007 and 20 percent in 2006 of the balance of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the payroll costs of the Trustees and Fiscal Officer. These costs do not represent direct services to residents.

Public Safety is the costs of emergency medical and fire protection; Public Works are the cost of repairing and maintaining Township roads; Health is the cost of maintaining the cemeteries.

Perry Township, Hocking County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and December 31, 2006
Unaudited

Governmental Activities

If you look at the "Statement of Activities- Cash Basis" which is attached, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities					
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2007	2007	2006	2006	2005	20053
General Government	\$76,500	(\$76,500)	\$75,623	(\$75,623)	\$71,208	(\$71,208)
Public Safety	30,733	(30,733)	31,656	(31,656)	33,745	(30,204)
Public Works	261,408	(156,076)	185,786	(76,125)	308,894	(195,502)
Health	2,800	(2,800)	-	-	-	-
Capital Outlay	19,270	(19,270)	3,442	(3,442)	-	-
Total Expenses	\$390,711	(\$285,379)	\$296,507	(\$186,846)	\$413,847	(\$296,914)

The dependence upon property and other local tax receipts is apparent as over 73 percent in 2007 and 62 percent in 2006 of governmental activities are supported through these general receipts.

The Township's Funds

During 2007 total governmental funds had receipts of \$349,818 and disbursements of \$390,711. The greatest change within the governmental funds occurred within the General Fund. The General Fund decreased \$26,425 as the result of a decrease in intergovernmental receipts and disbursements for a building addition.

During 2006 total governmental funds had receipts of \$392,326 and disbursements of \$296,506. The greatest change within the governmental funds occurred within the General Fund. The Gas Tax Fund increased \$28,810 as the result of increased tax revenue and decreased spending for the year.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2007 and 2006, the Township amended its budget to reflect changing circumstances. Several amended certificates were requested during the year to cover increases in budget amounts. The difference between final budgeted receipts and actual receipts was not significant.

Although receipts exceeded expectations, appropriations were not increased. The Township kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the decrease in fund balance of \$26,425 for 2007 and an increase of \$24,153 in 2006.

Perry Township, Hocking County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and December 31, 2006
Unaudited

Debt Administration

Debt

At December 31, 2007, the Township had no outstanding debt.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a deficit for 2008; therefore, the administration implemented a strategy to delay the deficit. This plan became effective for 2008. We reviewed our sources of revenue and determined the increases were unlikely. We then reviewed the disbursement history of the Township. We have reduce road repairs and maintenance and have also reduced staffing levels in areas where we felt the least impact on services. All departments have been asked to reduce their spending for supplies by 10 – 20 percent.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Clayton Stahr, Fiscal Officer, Perry Township, 20535 State Route 180, Laurelville, OH 43135.

Perry Township, Hocking County
Statement of Net Assets - Cash Basis
For the Year Ended December 31, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 207,982
<i>Total Assets</i>	207,982
Net Assets	
Restricted for:	
Permanent	271
Expendable	7,234
Nonexpendable	130,235
Other Purposes	70,242
Unrestricted	70,242
<i>Total Net Assets</i>	\$ 207,982

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

Perry Township, Hocking County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Cash Disbursements	Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
General Government	\$ 76,500	\$ -	\$ (76,500)
Public Safety	30,733	-	(30,733)
Public Works	261,408	105,332	(156,076)
Health	2,800	-	(2,800)
Capital Outlay	19,270	-	(19,270)
<i>Total Governmental Activities</i>	<u>\$ 390,711</u>	<u>\$ 105,332</u>	<u>\$ (285,379)</u>
 General Receipts			
Property Taxes			190,321
Other Taxes			23,892
Grants and Entitlements not Restricted to Specific Programs			17,604
Interest			1,511
Miscellaneous			11,158
<i>Total General Receipts</i>			<u>244,486</u>
 Change in Net Assets			 (40,893)
 <i>Net Assets Beginning of Year</i>			 248,875
 <i>Net Assets End of Year</i>			 \$ 207,982

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

Perry Township, Hocking County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Gasoline Tax	Road and Bridge	Special Levy Road	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 70,242	\$ 58,407	\$ 54,704	\$ 9,099	\$ 15,530	\$ 207,982
<i>Total Assets</i>	<u>70,242</u>	<u>58,407</u>	<u>54,704</u>	<u>9,099</u>	<u>15,530</u>	<u>207,982</u>
Fund Balances						
Unreserved:						
General Fund	70,242	-	-	-	-	70,242
Special Revenue Funds	-	58,407	54,704	9,099	8,024	130,234
Permanent Fund	-	-	-	-	7,506	7,506
<i>Total Fund Balances</i>	<u>\$ 70,242</u>	<u>\$ 58,407</u>	<u>\$ 54,704</u>	<u>\$ 9,099</u>	<u>\$ 15,530</u>	<u>\$ 207,982</u>

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

Perry Township, Hocking County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Gasoline Tax	Road & Bridge	Special Levy Road	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 57,820	\$ -	\$ 71,214	\$ 36,115	\$ 28,258	\$ 193,407
Intergovernmental	21,784	88,980	8,974	4,349	19,656	143,743
Interest	922	293	-	-	296	1,511
Miscellaneous	1,004	-	-	-	-	1,004
<i>Total Receipts</i>	<u>81,530</u>	<u>89,273</u>	<u>80,188</u>	<u>40,464</u>	<u>48,210</u>	<u>339,665</u>
Disbursements						
Current:						
General Government	76,500	-	-	-	-	76,500
Public Safety	-	-	-	-	30,733	30,733
Public Works	12,352	90,283	86,672	49,101	23,000	261,408
Health	-	-	-	-	2,800	2,800
Capital Outlay	19,270	-	-	-	-	19,270
<i>Total Disbursements</i>	<u>108,122</u>	<u>90,283</u>	<u>86,672</u>	<u>49,101</u>	<u>56,533</u>	<u>390,711</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(26,592)	(1,010)	(6,484)	(8,637)	(8,323)	(51,046)
Other Financing Sources (Uses)						
Other Financing Sources	167	-	9,986	-	-	10,153
<i>Total Other Financing Sources (Uses)</i>	167	-	9,986	-	-	10,153
<i>Net Change in Fund Balances</i>	(26,425)	(1,010)	3,502	(8,637)	(8,323)	(40,893)
<i>Fund Balances Beginning of Year</i>	<u>96,667</u>	<u>59,417</u>	<u>51,202</u>	<u>17,736</u>	<u>23,853</u>	<u>248,875</u>
<i>Fund Balances End of Year</i>	<u>\$ 70,242</u>	<u>\$ 58,407</u>	<u>\$ 54,704</u>	<u>\$ 9,099</u>	<u>\$ 15,530</u>	<u>\$ 207,982</u>

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

Perry Township, Hocking County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 52,200	\$ 52,200	\$ 57,820	\$ 5,620
Intergovernmental	22,768	22,768	21,784	(984)
Interest	800	800	922	122
Other	400	400	1,004	604
<i>Total receipts</i>	<u>76,168</u>	<u>76,168</u>	<u>81,530</u>	<u>5,362</u>
Disbursements				
Current:				
General Government	116,638	116,638	76,500	40,138
Health	19,800	19,800	12,352	7,448
Capital Outlay	29,000	29,000	19,270	9,730
<i>Total Disbursements</i>	<u>165,438</u>	<u>165,438</u>	<u>108,122</u>	<u>57,316</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(89,270)</u>	<u>(89,270)</u>	<u>(26,592)</u>	<u>62,678</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	200	-	-	-
Transfers In	100	100	-	(100)
Transfers Out	(2,000)	-	-	-
Other Financing Sources	200	200	167	(33)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,500)</u>	<u>300</u>	<u>167</u>	<u>(133)</u>
<i>Net Change in Fund Balance</i>	(90,770)	(88,970)	(26,425)	62,545
<i>Fund Balance Beginning of Year</i>	<u>96,667</u>	<u>96,667</u>	<u>96,667</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 5,897</u>	<u>\$ 7,697</u>	<u>\$ 70,242</u>	<u>\$ 62,545</u>

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

Perry Township, Hocking County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 78,500	\$ 78,500	\$ 88,980	\$ 10,480
Interest	500	500	293	(207)
<i>Total receipts</i>	<u>79,000</u>	<u>79,000</u>	<u>89,273</u>	<u>10,273</u>
Disbursements				
Current:				
Public Works	134,000	134,000	90,283	43,717
Capital Outlay	2,000	2,000	-	2,000
<i>Total Disbursements</i>	<u>136,000</u>	<u>136,000</u>	<u>90,283</u>	<u>45,717</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(57,000)</u>	<u>(57,000)</u>	<u>(1,010)</u>	<u>55,990</u>
Other Financing Sources (Uses)				
Other Financing Sources	1,000	1,000	-	(1,000)
<i>Total Other Financing Sources (Uses)</i>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
<i>Net Change in Fund Balance</i>	(56,000)	(56,000)	(1,010)	54,990
<i>Fund Balance Beginning of Year</i>	<u>59,417</u>	<u>59,417</u>	<u>59,417</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 3,417</u>	<u>\$ 3,417</u>	<u>\$ 58,407</u>	<u>\$ 54,990</u>

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

Perry Township, Hocking County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road & Bridge Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 66,000	\$ 66,000	\$ 71,214	\$ 5,214
Intergovernmental	7,100	7,100	8,974	1,874
<i>Total receipts</i>	<u>73,100</u>	<u>73,100</u>	<u>80,188</u>	<u>7,088</u>
Disbursements				
Current:				
Public Works	110,000	110,000	86,672	23,328
Capital Outlay	10,000	10,000	-	10,000
<i>Total Disbursements</i>	<u>120,000</u>	<u>120,000</u>	<u>86,672</u>	<u>33,328</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(46,900)</u>	<u>(46,900)</u>	<u>(6,484)</u>	<u>40,416</u>
Other Financing Sources (Uses)				
Transfers Out	(2,000)	(2,000)	-	2,000
Other Financing Sources	10,000	10,000	9,986	(14)
<i>Total Other Financing Sources (Uses)</i>	<u>8,000</u>	<u>8,000</u>	<u>9,986</u>	<u>1,986</u>
<i>Net Change in Fund Balance</i>	<u>(38,900)</u>	<u>(38,900)</u>	<u>3,502</u>	<u>42,402</u>
<i>Fund Balance Beginning of Year</i>	<u>51,202</u>	<u>51,202</u>	<u>51,202</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 12,302</u>	<u>\$ 12,302</u>	<u>\$ 54,704</u>	<u>\$ 42,402</u>

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

Perry Township, Hocking County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Special Levy Road
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 34,100	\$ 34,100	\$ 36,115	\$ 2,015
Intergovernmental	3,700	3,700	4,349	649
<i>Total receipts</i>	<u>37,800</u>	<u>37,800</u>	<u>40,464</u>	<u>2,664</u>
Disbursements				
Current:				
Public Safety	50,000	50,000	49,101	899
<i>Total Disbursements</i>	<u>50,000</u>	<u>50,000</u>	<u>49,101</u>	<u>899</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(12,200)</u>	<u>(12,200)</u>	<u>(8,637)</u>	<u>3,563</u>
Other Financing Sources (Uses)				
Transfers Out	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(12,200)	(12,200)	(8,637)	3,563
<i>Fund Balance Beginning of Year</i>	<u>17,736</u>	<u>17,736</u>	<u>17,736</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 5,536</u>	<u>\$ 5,536</u>	<u>\$ 9,099</u>	<u>\$ 3,563</u>

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

Perry Township, Hocking County
Statement of Net Assets - Cash Basis
For the Year Ended December 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 248,875
<i>Total Assets</i>	248,875
Net Assets	
Restricted for:	
Permanent	2,823
Expendable	7,234
Nonexpendable	142,151
Other Purposes	96,667
Unrestricted	96,667
<i>Total Net Assets</i>	\$ 248,875

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

Perry Township, Hocking County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
General Government	\$ 75,623	\$ -	\$ (75,623)
Public Safety	31,656	-	(31,656)
Public Works	185,786	109,661	(76,125)
Capital Outlay	3,442	-	(3,442)
<i>Total Governmental Activities</i>	<u>\$ 296,507</u>	<u>\$ 109,661</u>	<u>\$ (186,846)</u>
General Receipts			
Property Taxes			189,837
Other Taxes			21,503
Grants and Entitlements not Restricted to Specific Programs			57,396
Sale of Fixed Asset			2,006
Interest			1,383
Other Financing Sources			10,541
<i>Total General Receipts</i>			<u>282,666</u>
Change in Net Assets			<u>95,820</u>
<i>Net Assets Beginning of Year</i>			<u>153,055</u>
<i>Net Assets End of Year</i>			<u><u>\$ 248,875</u></u>

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

Perry Township, Hocking County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Gasoline Tax	Road & Bridge	Special Levy Road	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 96,667	\$ 59,417	\$ 51,202	\$ 17,736	\$ 23,853	\$ 248,875
<i>Total Assets</i>	<u>96,667</u>	<u>59,417</u>	<u>51,202</u>	<u>17,736</u>	<u>23,853</u>	<u>248,875</u>
Fund Balances						
Unreserved:						
General Fund	96,667	-	-	-	-	96,667
Special Revenue Funds	-	59,417	51,202	17,736	13,796	142,151
Permanent Fund	-	-	-	-	10,057	10,057
<i>Total Fund Balances</i>	<u>\$ 96,667</u>	<u>\$ 59,417</u>	<u>\$ 51,202</u>	<u>\$ 17,736</u>	<u>\$ 23,853</u>	<u>\$ 248,875</u>

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

Perry Township, Hocking County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Gasoline Tax	Road & Bridge	Special Levy Road	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 55,286	\$ -	\$ 71,365	\$ 36,208	\$ 28,147	\$ 191,006
Intergovernmental	61,503	92,923	8,740	4,237	19,987	187,390
Interest	879	227	-	-	277	1,383
<i>Total Receipts</i>	<u>117,668</u>	<u>93,150</u>	<u>80,105</u>	<u>40,445</u>	<u>48,411</u>	<u>379,779</u>
Disbursements						
Current:						
General Government	75,623	-	-	-	-	75,623
Public Safety	-	-	-	-	31,656	31,656
Public Works	16,997	64,340	65,679	28,994	9,775	185,785
Health	-	-	-	-	-	-
Capital Outlay	3,442	-	-	-	-	3,442
<i>Total Disbursements</i>	<u>96,062</u>	<u>64,340</u>	<u>65,679</u>	<u>28,994</u>	<u>41,431</u>	<u>296,506</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	21,606	28,810	14,426	11,451	6,980	83,273
Other Financing Sources (Uses)						
Sale of Fixed Assets	2,006	-	-	-	-	2,006
Other Financing Sources	541	-	10,000	-	-	10,541
<i>Total Other Financing Sources (Uses)</i>	2,547	-	10,000	-	-	12,547
<i>Net Change in Fund Balances</i>	24,153	28,810	24,426	11,451	6,980	95,820
<i>Fund Balances Beginning of Year</i>	72,514	30,607	26,776	6,285	16,873	153,055
<i>Fund Balances End of Year</i>	<u>\$ 96,667</u>	<u>\$ 59,417</u>	<u>\$ 51,202</u>	<u>\$ 17,736</u>	<u>\$ 23,853</u>	<u>\$ 248,875</u>

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

Perry Township, Hocking County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 49,000	\$ 49,000	\$ 55,286	\$ 6,286
Intergovernmental	25,978	25,978	61,503	35,525
Interest	800	800	879	79
Miscellaneous	800	800	-	(800)
<i>Total receipts</i>	<u>76,578</u>	<u>76,578</u>	<u>117,668</u>	<u>41,090</u>
Disbursements				
Current:				
General Government	101,542	101,542	75,623	25,919
Public Works	22,169	22,169	16,997	5,172
Capital Outlay	27,381	27,381	3,442	23,939
<i>Total Disbursements</i>	<u>151,092</u>	<u>151,092</u>	<u>96,062</u>	<u>55,030</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(74,514)</u>	<u>(74,514)</u>	<u>21,606</u>	<u>96,120</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	2,000	2,000	2,006	6
Transfers Out	(2,000)	(2,000)	-	2,000
Other Financing Sources	2,000	2,000	541	(1,459)
<i>Total Other Financing Sources (Uses)</i>	<u>2,000</u>	<u>2,000</u>	<u>2,547</u>	<u>547</u>
<i>Net Change in Fund Balance</i>	(72,514)	(72,514)	24,153	96,667
<i>Fund Balance Beginning of Year</i>	<u>72,514</u>	<u>72,514</u>	<u>72,514</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,667</u>	<u>\$ 96,667</u>

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

Perry Township, Hocking County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 72,392	\$ 72,392	\$ 92,923	\$ 20,531
Interest	608	608	227	(381)
<i>Total receipts</i>	<u>73,000</u>	<u>73,000</u>	<u>93,150</u>	<u>20,150</u>
Disbursements				
Current:				
Public Works	102,607	102,607	64,340	38,267
Capital Outlay	2,000	2,000	-	2,000
<i>Total Disbursements</i>	<u>104,607</u>	<u>104,607</u>	<u>64,340</u>	<u>40,267</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(31,607)</u>	<u>(31,607)</u>	<u>28,810</u>	<u>60,417</u>
Other Financing Sources (Uses)				
Other Financing Sources	1,000	1,000	-	(1,000)
<i>Total Other Financing Sources (Uses)</i>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
<i>Net Change in Fund Balance</i>	(30,607)	(30,607)	28,810	59,417
<i>Fund Balance Beginning of Year</i>	<u>30,607</u>	<u>30,607</u>	<u>30,607</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,417</u>	<u>\$ 59,417</u>

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

Perry Township, Hocking County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road & Bridge Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 66,000	\$ 66,000	\$ 71,365	\$ 5,365
Intergovernmental	7,100	7,100	8,740	1,640
<i>Total receipts</i>	<u>73,100</u>	<u>73,100</u>	<u>80,105</u>	<u>7,005</u>
Disbursements				
Current:				
Public Works	98,376	98,376	65,679	32,697
Capital Outlay	10,000	10,000	-	10,000
<i>Total Disbursements</i>	<u>108,376</u>	<u>108,376</u>	<u>65,679</u>	<u>42,697</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(35,276)</u>	<u>(35,276)</u>	<u>14,426</u>	<u>49,702</u>
Other Financing Sources (Uses)				
Transfers Out	(1,500)	(1,500)	-	1,500
Other Financing Sources	10,000	10,000	10,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>8,500</u>	<u>8,500</u>	<u>10,000</u>	<u>1,500</u>
<i>Net Change in Fund Balance</i>	<u>(26,776)</u>	<u>(26,776)</u>	<u>24,426</u>	<u>51,202</u>
<i>Fund Balance Beginning of Year</i>	<u>26,776</u>	<u>26,776</u>	<u>26,776</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,202</u>	<u>\$ 51,202</u>

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

Perry Township, Hocking County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Special Levy Road
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Receipts				
Property and Other Local Taxes	\$ 33,300	\$ 33,300	\$ 36,208	\$ 2,908
Intergovernmental	3,300	3,300	4,237	937
<i>Total receipts</i>	<u>36,600</u>	<u>36,600</u>	<u>40,445</u>	<u>3,845</u>
Disbursements				
Current:				
Public Works	42,885	42,885	28,994	13,891
<i>Total Disbursements</i>	<u>42,885</u>	<u>42,885</u>	<u>28,994</u>	<u>13,891</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,285)</u>	<u>(6,285)</u>	<u>11,451</u>	<u>17,736</u>
<i>Net Change in Fund Balance</i>	(6,285)	(6,285)	11,451	17,736
<i>Fund Balance Beginning of Year</i>	<u>6,285</u>	<u>6,285</u>	<u>6,285</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,736</u>	<u>\$ 17,736</u>

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

Note 1 – Reporting Entity

The Perry Township, Hocking County, Ohio, is a body politic and corporate 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Village of Laurelville for fire protection. The Hocking County Sheriff's Department provides police protection.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk-sharing pool. Note 7 to the financial statements provide additional information for this entity.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements show governmental activities of the Township. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are categorized as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's 2007 major governmental funds are the General, Motor Vehicle, Gasoline, and Special Levy Funds. The General Fund is used to account for all financial resources, except those required to be accounted for 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.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose. The motor vehicle and gasoline are used, to a great extent, for road maintenance/repair, expenditures to keep Township equipment in working order and purchase new capital assets. State law passed within the last few years has greatly enhanced receipts to the gasoline fund. The Township has also passed a special levy for additional road funds. These receipts have given Perry Township much-needed funds to operate the Township.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All of the Township's funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control is established at the fund, department and object level for all funds and approved by the Board of Trustees. These appropriations are submitted to the Hocking County Auditor's office.

Note 2 – Summary of Significant Accounting Policies (continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted at the beginning of the year. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

In compliance with the GASB guidelines, the Township has no investments.

Interest earnings are allocated to Township funds according to state statutes.

Interest receipts credited to the General Fund during 2007 was \$922, Gasoline Fund \$293 and Other Governmental Funds \$296 making total interest receipts received \$1,511.

Interest receipts credited to the General Fund during 2006 was \$879, Gasoline Fund \$227 and Other Governmental Funds \$277 making total interest receipts received \$1,383.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent all funds with the exception of the General Fund. These funds represent the majority expenditures for supplies, repair and maintenance for the Township.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Accumulated Leave

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

Note 2 – Summary of Significant Accounting Policies (continued)

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The governmental funds are used for the following purposes: gasoline, motor vehicle license, road and bridge funds are used primarily for road maintenance/repair but also encompass many other purposes as salaries (and related expenses as OPERS, Social Security and Medicare), insurance, equipment purchases, etc.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. The Township has one levy for outside millage.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance. The Township did not have outstanding year end encumbrances.

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United State Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Note 4 - Deposits and Investments (continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007 \$107,320 and December 31, 2006 \$152,232 of the Township's bank balance was exposed to custodial risk however those amounts were collateralized with securities held by the pledging financial institution's trust department or agent.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 and 2006 represent the collection of 2006 and 2005 taxes. Real property taxes received in 2007 and 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 and 2006 represent the collection of 2006 and 2005 taxes. Public utility real and tangible personal property taxes received in 2007 and 2006 became a lien on December 31, 2006 and 2005, were levied after October 1, 2006 and 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 and 2006 (other than public utility property) represent the collection of 2006 and 2005 taxes. Tangible personal property taxes received in 2007 and 2006 were levied after October 1, 2006 and 2005, on the true value as of December 31, 2006 and 2005.

Note 5 – Property Taxes (continued)

Tangible personal property taxes received in 2006 represents the collection of 2005 taxes. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2006 the latest information available) was \$5.60 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 and 2006 property tax receipts were based are as follows:

	2007	2006
Real Property		
Residential/Agricultural	\$ 70,133,320	\$ 68,499,060
Other	4,898,010	4,978,880
Tangible Personal Property		
General	2,489,330	4,769,878
Public Utilities	4,635,390	4,561,770
Total Assessed Value	\$ 82,156,050	\$ 82,809,588

Note 6 – Risk Management

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.

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.

Note 6 – Risk Management (continued)

Property Coverage (continued)

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 (the latest information available):

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$ 32,031,312	\$ 30,485,638
Liabilities	(11,443,952)	(12,344,576)
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	(676,709)	(1,406,031)
Retained Earnings	<u>\$ 9,334,254</u>	<u>\$ 7,771,765</u>

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 \$7,000. 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.

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.

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. In 2006 it was 9.0. The Township's contribution rate for pension benefits for 2007 was 13.85 percent, and 2006 was 13.70 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$21,632, \$19,367 and \$17,443 respectively. The full amount has been contributed for 2007, 2006 and 2005.

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

Note 8 - Postemployment Benefits (continued)

The number of active contributing participants in the traditional and combined plans was 358,804. Actual employer contributions for 2007 that were used to fund postemployment benefits were \$156,685. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

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***

April 15, 2008

Perry Township
Hocking County
20535 State Rte 180
Laurelville, Ohio 43135

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Perry Township, Hocking County**, (the Township) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated April 15, 2008, wherein we noted the Township prepared these statements using the cash basis of accounting. 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 as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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

Internal Control Over Financial Reporting (Continued)

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 or other matters that we must report under *Government Auditing Standard*.

This report is intended solely for the information and use of management and Board of Trustees and is not intended to be, and should not be used by anyone other than these specified parties.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

**PERRY TOWNSHIP
HOCKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	ORC § 5705.36 – Estimated resources should be reduced when actual revenues are determined to be lower than expected.	Yes	No issues this audit period.



Mary Taylor, CPA
Auditor of State

PERRY TOWNSHIP

HOCKING 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 27, 2008**