



Mary Taylor, CPA
Auditor of State

PERRY TOWNSHIP
LOGAN COUNTY

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Mary Taylor, CPA
Auditor of State

Perry Township
Logan County
P.O. Box 35
East Liberty, Ohio 43319

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 5, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Perry Township
Logan County
P.O. Box 35
East Liberty, Ohio 43319

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Logan County, (the Township) 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 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of 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 the 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 fund cash balances and reserves for encumbrances of Perry Township, Logan County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 5, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 5, 2007

**PERRY TOWNSHIP
LOGAN COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Taxes	\$43,607	\$603,280		\$646,887
Intergovernmental	26,147	284,085	\$41,478	351,710
Special Assessments		3,099		3,099
Charges for Services		6,985		6,985
Licenses, Permits, and Fees	2,846	6,485		9,331
Earnings on Investments	49,214	12,150		61,364
Other Revenue	676	6,703		7,379
Total Cash Receipts	<u>122,490</u>	<u>922,787</u>	<u>41,478</u>	<u>1,086,755</u>
Cash Disbursements:				
Current:				
General Government	88,223			88,223
Public Safety		290,101		290,101
Public Works		264,049		264,049
Health		18,031		18,031
Conservation - Recreation		29,727		29,727
Capital Outlay	736	62,583	41,478	104,797
Total Cash Disbursements	<u>88,959</u>	<u>664,491</u>	<u>41,478</u>	<u>794,928</u>
Total Receipts Over Disbursements	<u>33,531</u>	<u>258,296</u>		<u>291,827</u>
Other Financing Receipts:				
Sale of Fixed Assets	<u>69</u>	<u>9,798</u>		<u>9,867</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	33,600	268,094		301,694
Fund Cash Balances, January 1	<u>78,876</u>	<u>1,524,104</u>		<u>1,602,980</u>
Fund Cash Balances, December 31	<u>\$112,476</u>	<u>\$1,792,198</u>	<u>\$0</u>	<u>\$1,904,674</u>
Reserve for Encumbrances, December 31	<u>\$700</u>	<u>\$20,565</u>	<u>\$0</u>	<u>\$21,265</u>

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

**PERRY TOWNSHIP
LOGAN COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Taxes	\$68,147	\$959,719	\$1,027,866
Intergovernmental	15,050	116,175	131,225
Special Assessments		2,906	2,906
Charges for Services		1,500	1,500
Licenses, Permits, and Fees	7,466	8,570	16,036
Earnings on Investments	20,806	7,140	27,946
Other Revenue	524	7,492	8,016
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	111,993	1,103,502	1,215,495
Cash Disbursements:			
Current:			
General Government	96,400		96,400
Public Safety		296,566	296,566
Public Works		186,124	186,124
Health		19,720	19,720
Conservation - Recreation		8,145	8,145
Capital Outlay	249	10,888	11,137
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	96,649	521,443	618,092
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	15,344	582,059	597,403
	<hr/>	<hr/>	<hr/>
Other Financing Receipts:			
Sale of Fixed Assets		9,550	9,550
Other Sources	42		42
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	42	9,550	9,592
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	15,386	591,609	606,995
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	63,490	932,495	995,985
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$78,876</u>	<u>\$1,524,104</u>	<u>\$1,602,980</u>

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

**PERRY TOWNSHIP
LOGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Perry Township, Logan County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire Levy Fund - This fund receives property tax money to help operate the Township fire and EMS departments.

**PERRY TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Sales Tax Fund – This fund records the memo receipt and expenditure activity for Issue II grants and Logan County sales tax money spent on behalf of the Township for constructing, maintaining and repairing Township roads.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**PERRY TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

2. EQUITY IN POOLED CASH

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

	2006	2005
Demand deposits	\$1,327,794	\$1,053,591
Overnight deposit sweep account	576,880	549,389
Total deposits	\$1,904,674	\$1,602,980

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$100,000	\$122,559	\$22,559
Special Revenue	705,700	932,585	226,885
Capital Projects	47,000	41,478	(5,522)
Total	\$852,700	\$1,096,622	\$243,922

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$185,818	\$89,659	\$96,159
Special Revenue	2,222,862	685,056	1,537,806
Capital Projects	47,000	41,478	5,522
Total	\$2,455,680	\$816,193	\$1,639,487

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$100,000	\$112,035	\$12,035
Special Revenue	705,700	1,113,052	407,352
Total	\$805,700	\$1,225,087	\$419,387

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$184,861	\$96,649	\$88,212
Special Revenue	1,607,623	521,443	1,086,180
Total	\$1,792,484	\$618,092	\$1,174,392

**PERRY TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

4. PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Township contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

Part-time firefighters and squad employees are members of Social Security. The Township's liability is 6.2 percent of wages paid.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



Mary Taylor, CPA

Auditor of State

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

Perry Township
Logan County
P.O. Box 35
East Liberty, Ohio 43319

To the Township Board of Trustees:

We have audited the financial statements of the Perry Township, Logan County, (the Township) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 5, 2007, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 opinion 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 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.

We noted a certain matter that we reported to the Township's management in a separate letter dated June 5, 2007.

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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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2006-001 and 2006-002. We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated June 5, 2007.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 5, 2007

**PERRY TOWNSHIP
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

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

FINDING NUMBER 2006-001

Noncompliance Citation

Ohio Rev. Code Section 5705.10 states that all revenue derived from a source other than general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. During 2006, the Township recorded excess IRP compensation in the General Fund instead of the Motor Vehicle License Tax Fund. The Township also recorded 1st half personal property tax in the Road & Bridge Fund that belonged to the Cemetery Fund and 1st half manufactured homes tax in the Fire Fund that belonged to the Park Fund. **AOS Bulletin 2001-011** indicates that the kilowatt tax reimbursement is to be apportioned among the funds receiving the tax money. During 2006 and 2005, the Township recorded the kilowatt hour tax reimbursement in the General Fund instead of allocating it between the General Fund, Fire Fund, and Road and Bridge Fund in the same proportion as property tax levy receipts.

The Township has made the necessary adjustments to increase/decrease fund balances to properly reflect these amounts in the funds. The required adjustments had the following effect upon the respective funds:

	General	Road & Bridge	Cemetery	Fire	Park	Motor Vehicle
2006	(\$4,029)	\$595	\$531	\$2,221	\$533	\$149
2005	(\$3,880)	\$626	\$500	\$2,253	\$501	

The Township should implement procedures to provide that revenues are recorded in the correct fund, including periodic independent reviews for the accuracy of postings.

FINDING NUMBER 2006-002

Noncompliance Citation

Article XII, Section 5a, Ohio Const. and 1982 Op. Atty Gen. No. 82-031 requires that interest earned on money derived from motor vehicle license or fuel tax must follow the principal. Although the Township credited interest to the Gasoline Tax Fund and the Motor Vehicle License Fund, the allocations did not always coincide with the respective fund balances.

The Township has made the necessary adjustments to increase/decrease fund balances to properly reflect these amounts in the funds. The required adjustments had the following effect upon the respective funds:

	General	Motor Vehicle License	Gasoline
2006	(\$4,727)	\$698	\$4,029
2005	(\$4,029)	\$356	\$2,706

The Township should adopt an interest allocation policy to provide that these funds receive their proportionate share of interest income.

OFFICIALS' RESPONSE

We did not receive a response from Officials to these findings.

PERRY TOWNSHIP
LOGAN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	ORC 5705.10	No	Not Corrected. Repeated as Finding Number 2006-001.



Mary Taylor, CPA
Auditor of State

PERRY TOWNSHIP

LOGAN 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
AUGUST 14, 2007**