



Mary Taylor, CPA
Auditor of State

**PERRY TOWNSHIP
GALLIA COUNTY**

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PERRY TOWNSHIP
GALLIA COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Perry Township
Gallia County
26 Boggs School Road
Patriot, Ohio 45658

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, Gallia 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 opinions 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

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, Gallia County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General and Gasoline Tax Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2007 and 2006, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 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.

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

August 25, 2008

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

This discussion and analysis of the Perry Township's (the Township), financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2006 and 2007, 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 2006 are as follows:

Net assets of governmental activities increased \$31,785, or 25.06 percent. The fund most affected by the increase in cash was the General Fund, which realized the greatest of increase in 2006.

The Township's general receipts are primarily property taxes. These receipts represent \$42,105, or 18.50 percent and 25.89 percent of the total cash received for governmental activities during the year. Property tax receipts for 2006 increased due to an inside millage increase.

The Township had \$134,628 in disbursements for 2006, which is lower than the \$162,853 disbursed in 2005.

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$35,847, or 22.60 percent, a change from the prior year. The fund most affected by the increase in cash was the General Fund, which realized an increase of \$17,861.

The Township's general receipts are primarily property taxes. These receipts represent \$43,426, or 25.09 percent of the total cash received for governmental activities during the year. Property tax receipts for 2007 changed very little compared to 2006 as development within the Township has slowed.

The Township had \$137,248 in disbursements for 2007, which is close to 2006's disbursements of \$134,628.

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.

Perry Township
Management's Discussion and Analysis
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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.

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 fund 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 taxes.

In the statement of net assets and the statement of activities, the Township has one type of activity:

Governmental Activities - The Township's basic services are reported here. State and federal grants, gasoline tax, property taxes, local government distribution, utility reimbursement funds and the fire levy, 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. The funds of the Township consist only of governmental funds.

Governmental Funds - 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

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

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 and Gasoline Tax Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

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

(Table 1)

Net Assets

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$194,459	\$158,612
Total Assets	\$194,459	\$158,612
Net Assets		
Restricted for:		
Other Purposes	\$ 144,466	\$ 126,480
Unrestricted	49,993	32,132
Total Net Assets	\$194,459	\$158,612

As shown above, net assets of governmental activities increased \$31,785 or 25.06 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- Property Tax receipts increased due to an inside millage increase. The difference between the 2005 and 2006 taxes received was \$20,703;
- The Motor Vehicle License Tax, Gasoline Tax and Fire Levy Funds showed a small amount of increased revenue.

As shown above, net assets of governmental activities increased \$35,847 or 22.60 percent during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- Property Tax plus Grants and Entitlements were down \$4,418 from last year;
- Gasoline Tax showed an increase of \$8,373 over the 2006 receipts.

Table 2 reflects the changes in net assets on a cash basis in 2007 comparing 2006 for governmental activities.

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

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2007	2006
Receipts:		
Program Receipts:		
Operating Grants and Contributions	\$102,000	\$93,754
Total Program Receipts	<u>102,000</u>	<u>93,754</u>
General Receipts:		
Property Taxes	43,110	42,043
Other Taxes	316	62
Grants and Entitlements Not Restricted to Specific Programs	24,088	26,876
Interest	165	139
Miscellaneous	3,416	3,539
Total General Receipts	<u>71,095</u>	<u>72,659</u>
Total Receipts	<u>173,095</u>	<u>166,413</u>
Disbursements:		
General Government	34,707	40,740
Public Safety	11,093	8,182
Public Works	77,761	70,287
Capital Outlay		1,731
Debt Service:		
Principal Retirement	11,798	11,331
Interest and Fiscal Charges	1,889	2,357
Total Disbursements	<u>137,248</u>	<u>134,628</u>
Increase (Decrease) in Net Assets	35,847	31,785
Net Assets, January 1	<u>158,612</u>	<u>126,827</u>
Net Assets, December 31	<u>\$194,459</u>	<u>\$158,612</u>

For 2006, program receipts represent 56.34 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as Utility Reimbursement Funds, Motor Vehicle License, and Gasoline Tax monies.

General receipts represent 43.66 percent of the Township's total receipts, and of this amount, 56.86 percent is local taxes. State grants and entitlements make up 36.99 percent of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

For 2007, program receipts represent 58.93 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as Utility Reimbursement Funds, Motor Vehicle License, and Gasoline Tax monies.

General receipts represent 41.07 percent of the Township's total receipts, and of this amount, 59.89 percent is local taxes. State grants and entitlements make up 33.88 percent of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

For both years, 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 costs of trustees, and the fiscal office.

Perry Township
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
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Public Safety is the costs of fire protection; and Public Works is the cost of resurfacing and maintaining the roads.

Governmental Activities

If you look at the Statements of Activities on pages 10 and 16 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. In 2006, the major program disbursements for governmental activities are for General Government and Public Works, which account for 30.26 and 52.21 percent of all governmental disbursements, respectively. In 2007, the major program disbursements for governmental activities are for General Government and Public Works, which account for 25.29 and 56.66 percent of all governmental disbursements, respectively. 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
	2007	2007	2006	2006
General Government	\$34,707	\$34,707	\$40,740	\$40,740
Public Safety	11,093	10,050	8,182	7,188
Public Works	77,761	(23,196)	70,287	(22,473)
Capital Outlay			1,731	1,731
Debt Service:				
Principal	11,798	11,798	11,331	11,331
Interest	1,889	1,889	2,357	2,357
Total Expenses	\$137,248	\$35,248	\$134,628	\$40,874

The dependence upon property tax receipts is apparent as over 31.28 percent of governmental activities are supported through these general receipts in 2006 and 31.64 percent in 2007.

The Township's Funds

In 2006 total governmental funds had receipts of \$166,413 and disbursements of \$134,628. The greatest changes within governmental funds occurred in the General Fund. The fund balance of the General Fund increased \$20,404 in 2006 as a result of an inside millage increase.

In 2007 total governmental funds had receipts of \$173,095 and disbursements of \$137,248. The General Fund showed a net increase of \$17,861 mostly because we are receiving more real estate taxes because of the inside millage increase. The Gasoline Tax Fund showed a net increase of \$13,167 because it received \$8,373 in additional revenue.

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

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 2006, final budgeted receipts were above original budgeted receipts by \$15,482. The difference between final budgeted receipts and actual receipts was \$11,727.

Final disbursements were budgeted at \$67,646 while actual disbursements were \$42,471. Even though receipts lived up to expectations, appropriations were reduced upon review. The Township spending was lower than budgeted amounts as demonstrated by the minor reported variances. The year-end result reflected an increase in fund balance of \$20,404 for 2006.

During 2007, final budgeted receipts were above original budgeted receipts by \$12,619. The difference between final budgeted receipts and actual receipts was zero.

Final disbursements were budgeted at \$76,435 while actual disbursements were \$34,752. Even though receipts lived up to expectations, appropriations were reduced upon review. The Township spending was lower than budgeted amounts as demonstrated by the minor reported variances. The year-end result reflected a increase in fund balance of \$17,861 for 2007.

Debt Administration

At December 31, 2006, the Township's outstanding debt included \$37,282 in general obligation bonds issued for land purchase and equipment. For further information regarding the Township's debt, refer to the notes to the financial statements.

At December 31, 2007, the Township's outstanding debt included \$30,481 in general obligation bonds issued for land purchase. For further information regarding the Township's debt, refer to the notes to the financial statements.

Current Issues

The challenge for all Townships 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.

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 Perry Township, Cheryl Ruff, Fiscal Officer, 26 Boggs School Road, Patriot, OH 45658.

PERRY TOWNSHIP, GALLIA COUNTY
Statement of Net Assets - Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Cash	\$ 194,459
<i>Total Assets</i>	<u>\$ 194,459</u>
Net Assets	
Restricted for:	
Other Purposes	\$ 144,466
Unrestricted	49,993
<i>Total Net Assets</i>	<u>\$ 194,459</u>

See accompanying notes to the basic financial statements

PERRY TOWNSHIP, GALLIA COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
General Government	\$ 34,707	\$	\$ (34,707)
Public Safety	11,093	1,043	(10,050)
Public Works	77,761	100,957	23,196
Principal	11,798		(11,798)
Interest	1,889		(1,889)
<i>Total Governmental Activities</i>	\$ 137,248	\$ 102,000	(35,248)
General Receipts			
Property Taxes			43,110
Other Taxes			316
Grants and Entitlements not Restricted to Specific Programs			24,088
Earnings on Investments			165
Miscellaneous			3,416
<i>Total General Receipts</i>			71,095
Change in Net Assets			35,847
<i>Net Assets Beginning of Year</i>			158,612
<i>Net Assets End of Year</i>			\$ 194,459

See accompanying notes to the basic financial statements

PERRY TOWNSHIP, GALLIA COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	GENERAL	GASOLINE TAX	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets				
Cash	\$ 49,993	\$ 121,970	\$ 22,496	\$ 194,459
<i>Total Assets</i>	<u>\$ 49,993</u>	<u>\$ 121,970</u>	<u>\$ 22,496</u>	<u>\$ 194,459</u>
Fund Balances				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	\$ 49,993			\$ 49,993
Special Revenue Funds		\$ 121,970	\$ 22,496	144,466
<i>Total Fund Balances</i>	<u>\$ 49,993</u>	<u>\$ 121,970</u>	<u>\$ 22,496</u>	<u>\$ 194,459</u>

See accompanying notes to the basic financial statements

PERRY TOWNSHIP, GALLIA 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	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts				
Property and Other Local Taxes	\$ 33,632	\$	\$ 9,793	\$ 43,425
Intergovernmental	24,088	93,639	7,988	125,715
Earnings on Investments	165	345	28	538
Miscellaneous	3,244	115	58	3,417
<i>Total Receipts</i>	<u>61,129</u>	<u>94,099</u>	<u>17,867</u>	<u>173,095</u>
Disbursements				
Current:				
General Government	34,707			34,707
Public Safety			11,093	11,093
Public Works	45	75,761	1,955	77,761
Debt Service:				
Principal Retirement		4,997	6,801	11,798
Interest and Fiscal Charges		174	1,715	1,889
<i>Total Disbursements</i>	<u>34,752</u>	<u>80,932</u>	<u>21,564</u>	<u>137,248</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>26,377</u>	<u>13,167</u>	<u>(3,697)</u>	<u>35,847</u>
Other Financing Sources (Uses)				
Transfers In			8,516	8,516
Transfers Out	(8,516)			(8,516)
<i>Total Other Financing Sources (Uses)</i>	<u>(8,516)</u>	<u>0</u>	<u>8,516</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	17,861	13,167	4,819	35,847
<i>Fund Balances Beginning of Year</i>	<u>32,132</u>	<u>108,803</u>	<u>17,677</u>	<u>158,612</u>
<i>Fund Balances End of Year</i>	<u>\$ 49,993</u>	<u>\$ 121,970</u>	<u>\$ 22,496</u>	<u>\$ 194,459</u>

See accompanying notes to the basic financial statements

PERRY TOWNSHIP, GALLIA COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 31,185	\$ 33,632	\$ 33,632	\$ 0
Intergovernmental	14,000	24,088	24,088	0
Earnings on Investments	125	165	165	0
Miscellaneous	3,200	3,244	3,244	0
<i>Total Receipts</i>	<u>48,510</u>	<u>61,129</u>	<u>61,129</u>	<u>0</u>
Disbursements				
Current:				
General Government	65,185	65,185	34,707	30,478
Public Works	250	250	45	205
Capital Outlay	11,000	11,000		11,000
<i>Total Disbursements</i>	<u>76,435</u>	<u>76,435</u>	<u>34,752</u>	<u>41,683</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(27,925)</u>	<u>(15,306)</u>	<u>26,377</u>	<u>41,683</u>
Other Financing Sources (Uses)				
Transfers Out	(8,516)	(8,516)	(8,516)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(8,516)</u>	<u>(8,516)</u>	<u>(8,516)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(36,441)	(23,822)	17,861	41,683
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>32,132</u>	<u>32,132</u>	<u>32,132</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ (4,309)</u>	<u>\$ 8,310</u>	<u>\$ 49,993</u>	<u>\$ 41,683</u>

See accompanying notes to the basic financial statements

PERRY TOWNSHIP, GALLIA 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*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 56,201	\$ 93,639	\$ 93,639	\$ 0
Earnings on Investments	300	345	345	0
Miscellaneous	0	115	115	0
<i>Total Receipts</i>	56,501	94,099	94,099	0
Disbursements				
Current:				
Public Works	178,931	178,931	75,761	103,170
Debt Service:				
Principal Retirement	4,997	4,997	4,997	0
Interest and Fiscal Charges	174	174	174	0
<i>Total Disbursements</i>	184,102	184,102	80,932	103,170
<i>Excess of Receipts Over (Under) Disbursements</i>	(127,601)	(90,003)	13,167	103,170
<i>Net Change in Fund Balance</i>	(127,601)	(90,003)	13,167	103,170
<i>Unencumbered Cash Balance Beginning of Year</i>	108,803	108,803	108,803	0
<i>Unencumbered Cash Balance End of Year</i>	\$ (18,798)	\$ 18,800	\$ 121,970	\$ 103,170

See accompanying notes to the basic financial statements

PERRY TOWNSHIP, GALLIA COUNTY
Statement of Net Assets - Cash Basis
December 31, 2006

	Governmental Activities
Assets	
Cash	\$ 158,612
<i>Total Assets</i>	<u>\$ 158,612</u>
Net Assets	
Restricted for:	
Other Purposes	\$ 126,480
Unrestricted	32,132
<i>Total Net Assets</i>	<u>\$ 158,612</u>

See accompanying notes to the basic financial statements

PERRY TOWNSHIP, GALLIA COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Operating Grants and Contributions	Governmental Activities
Governmental Activities			
General Government	\$ 40,740	\$	\$ (40,740)
Public Safety	8,182	994	(7,188)
Public Works	70,287	92,760	22,473
Capital Outlay	1,731		(1,731)
Debt Service:			
Principal	11,331		(11,331)
Interest	2,357		(2,357)
<i>Total Governmental Activities</i>	<u>\$ 134,628</u>	<u>\$ 93,754</u>	<u>(40,874)</u>
General Receipts			
Property Taxes			42,043
Other Taxes			62
Grants and Entitlements not Restricted to Specific Programs			26,876
Earnings on Investments			139
Miscellaneous			<u>3,539</u>
<i>Total General Receipts</i>			<u>72,659</u>
Change in Net Assets			31,785
<i>Net Assets Beginning of Year (As Restated)</i>			<u>126,827</u>
<i>Net Assets End of Year</i>			<u><u>\$ 158,612</u></u>

See accompanying notes to the basic financial statements

PERRY TOWNSHIP, GALLIA COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	GENERAL	GASOLINE TAX	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets				
Cash	\$ 32,132	\$ 108,803	\$ 17,677	\$ 158,612
<i>Total Assets</i>	<u>\$ 32,132</u>	<u>\$ 108,803</u>	<u>\$ 17,677</u>	<u>\$ 158,612</u>
Fund Balances				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	\$ 32,132			\$ 32,132
Special Revenue Funds		\$ 108,803	\$ 17,677	126,480
<i>Total Fund Balances</i>	<u>\$ 32,132</u>	<u>\$ 108,803</u>	<u>\$ 17,677</u>	<u>\$ 158,612</u>

See accompanying notes to the basic financial statements

PERRY TOWNSHIP, GALLIA 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	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts				
Property and Other Local Taxes	\$ 32,644	\$	\$ 9,461	\$ 42,105
Intergovernmental	26,876	85,316	8,048	120,240
Earnings on Investments	140	365	25	530
Miscellaneous	3,215	45	278	3,538
<i>Total Receipts</i>	<u>62,875</u>	<u>85,726</u>	<u>17,812</u>	<u>166,413</u>
Disbursements				
Current:				
General Government	40,740			40,740
Public Safety			8,182	8,182
Public Works		63,653	6,634	70,287
Capital Outlay	1,731			1,731
Debt Service:				
Principal Retirement		4,829	6,502	11,331
Interest and Fiscal Charges		343	2,014	2,357
<i>Total Disbursements</i>	<u>42,471</u>	<u>68,825</u>	<u>23,332</u>	<u>134,628</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>20,404</u>	<u>16,901</u>	<u>(5,520)</u>	<u>31,785</u>
<i>Net Change in Fund Balances</i>	20,404	16,901	(5,520)	31,785
<i>Fund Balances Beginning of Year</i>	<u>11,728</u>	<u>91,902</u>	<u>23,197</u>	<u>126,827</u>
<i>Fund Balances End of Year</i>	<u>\$ 32,132</u>	<u>\$ 108,803</u>	<u>\$ 17,677</u>	<u>\$ 158,612</u>

See accompanying notes to the basic financial statements

PERRY TOWNSHIP, GALLIA COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 26,350	\$ 27,644	\$ 32,644	\$ 5,000
Intergovernmental	9,166	23,364	26,876	3,512
Earnings on Investments	150	140	140	0
Miscellaneous			3,215	3,215
<i>Total Receipts</i>	<u>35,666</u>	<u>51,148</u>	<u>62,875</u>	<u>11,727</u>
Disbursements				
Current:				
General Government	52,880	52,880	40,740	12,140
Public Works	250	250		250
Capital Outlay	6,000	6,000	1,731	4,269
Debt Service:				
Principal Retirement	6,502	6,502		6,502
Interest and Fiscal Charges	2,014	2,014		2,014
<i>Total Disbursements</i>	<u>67,646</u>	<u>67,646</u>	<u>42,471</u>	<u>25,175</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(31,980)</u>	<u>(16,498)</u>	<u>20,404</u>	<u>36,902</u>
<i>Net Change in Fund Balance</i>	(31,980)	(16,498)	20,404	36,902
<i>Fund Balance Beginning of Year</i>	<u>11,728</u>	<u>11,728</u>	<u>11,728</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ (20,252)</u>	<u>\$ (4,770)</u>	<u>\$ 32,132</u>	<u>\$ 36,902</u>

See accompanying notes to the basic financial statements

PERRY TOWNSHIP, GALLIA 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

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$ 70,969	\$ 85,316	\$ 85,316	\$ 0
Earnings on Investments	300	365	365	0
Miscellaneous		45	45	0
<i>Total Receipts</i>	71,269	85,726	85,726	0
Disbursements				
Current:				
Public Works	147,030	147,030	63,653	83,377
Capital Outlay	15,000	15,000		15,000
Debt Service:				
Principal Retirement	4,829	4,829	4,829	0
Interest and Fiscal Charges	343	343	343	0
<i>Total Disbursements</i>	167,202	167,202	68,825	98,377
<i>Excess of Receipts Over (Under) Disbursements</i>	(95,933)	(81,476)	16,901	(98,377)
<i>Net Change in Fund Balance</i>	(95,933)	(81,476)	16,901	(98,377)
<i>Fund Balance Beginning of Year</i>	91,902	91,902	91,902	0
<i>Fund Balance End of Year</i>	\$ (4,031)	\$ 10,426	\$ 108,803	\$ (98,377)

See accompanying notes to the basic financial statements

Perry Township
Gallia County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 1 – Reporting Entity

Perry Township, Gallia County, Ohio (the Township), 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 elected officials serve four year terms.

The reporting entity is comprised of the primary government 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. The Township contracts with the Village of Rio Grande Volunteer Fire Department for fire protection. Police protection is provided by the Gallia County Sheriff's Department.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. The Township has no component units.

C. Public Entity Risk Pools

The Township participates in a public entity risk pool. Notes 8 and 11 to the financial statements provides additional information for this entity. This organization is the Ohio Township Association Risk Management Authority (OTARMA).

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

Note 2 - Summary of Significant Accounting Policies

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 which provide a more detailed level of financial information.

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

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. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balances 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 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.

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. Nonmajor 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 governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund and Gasoline Tax Fund. 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 Gasoline Tax Fund received gas tax money and expenditures must be road related.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Note 2 – Summary of Significant Accounting Policies (Continued)

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. Any such modifications made by the Township are described in the appropriate section in this note.

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 funds, except agency 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 resolution 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 has been established at the fund level for all funds.

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

The appropriations resolution 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 resolution 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".

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$165 which includes \$40 assigned from other Township funds. Interest receipts credited to the General Fund during 2006 was \$140 which includes \$38 assigned from other Township funds.

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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 upon 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.

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 Note 9, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

K. Long-Term Obligations

Then Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditures is reported at inception. Lease payments are reported when paid. The Township does not have any leases.

L. 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. Net assets restricted for other purposes include resources restricted for road maintenance and fire protection.

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.

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. There were no designations at year-end. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

Perry Township
Gallia County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (Continued)

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Compliance

Compliance

Contrary to Ohio Rev. Code Section 5075.41(B), disbursements exceeded appropriations at December 31, 2007 and December 31, 2006 in the Debt Service Fund by \$8,516.16.

Contrary to Ohio Admin. Code Section 117-2-02(C)(1), approved estimated receipts and appropriations did not agree to what was posted to the accounting system.

Note 4 – Restatement of Fund Balance

The prior year audit report at December 31, 2005 had incorrect fund balances for the General Fund and Debt Service Fund. This resulted in the following fund balance restatement:

<u>Governmental Funds:</u>	<u>Fund Balance at December 31, 2005</u>	<u>Restatement Amount</u>	<u>Fund Balance at January 1, 2006</u>
General	\$ 26,750	\$ (15,022)	\$ 11,728
Special Revenue	108,593	(2,010)	106,583
Debt Service	(8,516)	17,032	8,516
Total	<u>\$126,827</u>	<u>\$0</u>	<u>\$126,827</u>

Note 5 – 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 Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund and the following major special revenue fund: Gasoline Tax Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. Since encumbrances outstanding at year-end are cancelled and re-appropriated in the succeeding year there is essentially no difference between cash and budget basis reporting.

Note 6 – 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 the 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.

Perry Township
Gallia County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 6 - Deposits and Investments (Continued)

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 States 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;
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) above 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 (STAROhio).

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 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, \$101,369 of the Township's bank balance of \$201,369 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. At December 31, 2006, \$65,673 of the Township's bank balance of \$165,673 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

Perry Township
Gallia County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 6 - Deposits and Investments (Continued)

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 7 – 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. Property tax payments received during 2007 and 2006 for tangible personal property (other than public utility property) is for 2007 and 2006 taxes.

Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Real property taxes received in 2006 were levied after October 1, 2005 on the assessed values as of January 1, 2005, 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 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 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 2007 and 2006 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006 on the true value as of December 31, 2006. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. 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, 2007, was \$52.90 per \$1,000 of assessed value for property owners in the Gallipolis City School District and \$41.95 in Gallia County Local School District. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential	\$6,932,160
Agricultural	6,811,660
Commercial/Industrial/Mineral	721,560
Tangible Personal Property	760,000
Public Utility – Personal	1,496,620
Total Assessed Value	<u>\$16,722,000</u>

Perry Township
Gallia County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 7 – Property Taxes (Continued)

The full tax rate for all Township operations for the year ended December 31, 2006, was \$52.90 per \$1,000 of assessed value for property owners in the Gallipolis City School District and \$41.95 in Gallia County Local School District. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential	\$6,805,630
Agricultural	6,635,130
Commercial/Industrial/Mineral	716,930
Tangible Personal Property	952,948
Public Utility – Personal	1,423,830
Total Assessed Value	<u>\$16,534,468</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 8 – Risk Management

Risk Pool Membership

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

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

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

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.

Perry Township
Gallia County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 8 – Risk Management (Continued)

Risk Pool Membership (Continued)

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

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005 (the latest information available):

	2007	2006
Assets	\$ 43,210,703	\$ 42,042,275
Liabilities	(13,357,837)	(12,120,661)
Net Assets	\$ 29,852,866	\$ 29,921,614

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, 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 \$7,936. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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

Contributions to OTARMA

2005	\$	4,607
2006	\$	4,770
2007	\$	3,968

Note 8 – Risk Management (Continued)

Risk Pool Membership (Continued)

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide 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 9 – Defined Benefit Pension Plan

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. The Township participates only in the traditional 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) 222-5601 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. The Township's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 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 \$5,837, \$5,685 and \$5,429 respectively. 100 percent has been contributed for 2007, 2006 and 2005. There were no contributions to member-directed plans.

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

Perry Township
Gallia County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 9 - Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. 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; 5 percent from January 1 to June 30, 2007 and 6 percent from July 1 through December 31, 2007 was the portion that was used to fund health care. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, 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 costs were assumed to increase between 0.5 percent and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market value. 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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979 for 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual employer contributions which were used to fund postemployment benefits were \$2,264 for 2007 and \$1,867 for 2006. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 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. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Note 10 – Debt

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Governmental Activities</u>						
Real Estate						
Acquisition Bonds \$19,000	4.60%	\$37,282	\$0	\$6,801	\$30,481	\$7,114

The general obligation bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

Perry Township
Gallia County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 10 – Debt (Continued)

The following is a summary of the Township's future annual debt service requirements:

Year	Real Estate Bonds	
	Principal	Interest
2008	\$ 7,114	\$ 1,402
2009	7,441	1,075
2010	7,784	732
2011	8,142	374
	<u>\$ 30,481</u>	<u>\$ 3,583</u>

Note 11– Public Entity Risk Pool

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.



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
Gallia County
26 Boggs School Road
Patriot, Ohio 45658

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, Gallia 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 and have issued our report thereon dated August 25, 2008, wherein we noted the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement 34. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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.

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We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2007-002.

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We do not believe the significant deficiency described above is a material weakness.

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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2007-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 25, 2008.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

August 25, 2008

PERRY TOWNSHIP
GALLIA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

Disbursements exceeded appropriations at December 31, 2007 and December 21, 2006 in the Debt Service Fund by \$8,516.16 and \$8,516.16, respectively. Spending monies which have not been properly appropriated could result in deficit cash balances.

We recommend the Fiscal Officer monitor appropriation levels throughout the year and when it becomes apparent actual expenditures may exceed appropriations, request the Board of Trustees to approve increased appropriations and amend estimated resources if necessary.

Officials' Response: The Fiscal Officer went through UAN to make the correction and it was not clear to her that she had to have a resolution and go through the County Auditor to complete this process.

FINDING NUMBER 2007-002

Significant Deficiency

When designing the public office's system of internal control and the specific control activities, management should ensure that all transactions are properly authorized in accordance with management's policies, as well as ensure the collection and compilation of the data needed for the timely preparation of financial statements.

At December 31, 2007, the Fiscal Officer did not post estimated revenue correctly to the Township's UAN system for the following funds:

<u>Fund</u>	<u>Estimated Receipts Per Budget Commission</u>	<u>Amounts Per Township Reports</u>	<u>Variance</u>
Debt Service Fund	\$ 0	\$ 8,516	\$ 8,516

**PERRY TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2007-002 (Continued)

Significant Deficiency (Continued)

At December 31, 2007, appropriations as approved by the Board of Trustees did not agree to the Township's ledgers for the following funds:

Fund	Appropriations Per Board of Trustees	Amounts Per Township Reports	Variance
General Fund	\$ 84,952	\$ 93,261	\$ (8,309)
Motor Vehicle License Tax Fund	12,747	13,258	(511)
Gasoline Tax Fund	184,103	202,901	(18,798)
Special Levy Fund	21,352	22,287	(935)
Debt Service	0	8,516	(8,516)

At December 31, 2006, the Fiscal Officer did not post estimated revenue correctly to the Township's UAN system for the following funds:

Fund	Estimated Receipts Per Budget Commission	Amounts Per Township Reports	Variance
General Fund	\$ 51,147	\$ 59,659	\$ 8,512
Motor Vehicle License Tax Fund	7,357	7,079	(278)
Gasoline Tax Fund	85,726	75,681	(10,045)

At December 31, 2006, appropriations as approved by the Board of Trustees did not agree to the Township's ledgers for the following funds:

Fund	Appropriations Per Board of Trustees	Amounts Per Township Reports	Variance
General Fund	\$ 6	\$ 83,118	\$ (83,112)
Motor Vehicle License Tax Fund	13,528	12,582	946
Gasoline Tax Fund	167,202	177,582	(10,380)
Special Levy Fund	17,899	19,633	(1,734)
Debt Service	0	8,516	(8,516)

During 2006 and 2007, we noted Original Budgeted Receipts and Original Budgeted Disbursements adopted by the legislative authority differed from amounts reported on the Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis.

**PERRY TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

<p>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>
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FINDING NUMBER 2007-002 (Continued)

Significant Deficiency (Continued)

Due to budgetary information being improperly entered into the system, the management of the Township lost some degree of budgetary control. This also resulted in issues of non-compliance with Ohio Revised Code, additional audit time, and audit adjustments.

We recommend the Fiscal Officer accurately post estimated receipts as certified by the County Budget Commission and appropriations as approved by the Board of Trustees into the computer system and only after receiving approval. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

Officials' Response: The Fiscal Officer will monitor this more closely in the future.

**PERRY TOWNSHIP
GALLIA 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	Ohio Rev. Code Section 5705.36 – Estimated Resources should be reduced when actual revenues are determined to be lower than expected.	Yes	
2005-002	Ohio Rev. Code Section 5705.39 – Appropriations from each fund shall not exceed the total estimated revenue.	No	Not Corrected; Repeated in our letter to management.
2005-003	Ohio Rev. Code Section 5705.41(D) – Prior Certification of Expenditures	Yes	
2005-004	Ohio Rev. Code Section 5705.10 – Negative Fund Balances	Yes	
2005-005	Failure to Comply with Debt Covenants – Debt payments were not made from the Bond Retirement Fund.	Yes	



Mary Taylor, CPA
Auditor of State

PERRY TOWNSHIP

GALLIA 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
OCTOBER 7, 2008**