

**Perry Township
Monroe County
Regular Audit
December 31, 2008 and 2007**

***Perry & Associates*
Certified Public Accountants, A.C.**



Mary Taylor, CPA

Auditor of State

Board of Trustees
Perry Township
38175 State Route 800
Sardis, Ohio 43946

We have reviewed the *Independent Accountants' Report* of Perry Township, Monroe County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Perry Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 16, 2009

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**PERRY TOWNSHIP
MONROE COUNTY**

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Perry & Associates
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INDEPENDENT ACCOUNTANTS' REPORT

March 13, 2009

Perry Township
Monroe County
38608 State Route 800
Sardis, Ohio 43946

To the Board of Trustees:

We have audited the accompanying financial statements of **Perry Township, Monroe County, Ohio**, (the Township) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

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 the 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, 2008 and 2007 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, 2008 and 2007 or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Perry Township, Monroe County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. 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 March 13, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**PERRY TOWNSHIP
MONROE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|-------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | |
| Cash Receipts: | | | | |
| Local Taxes | \$ 6,219 | \$ 15,445 | \$ - | \$ 21,664 |
| Intergovernmental | 29,001 | 96,567 | 8,397 | 133,965 |
| Earnings on Investments | 182 | 60 | - | 242 |
| Other Revenue | 2,919 | 8,293 | - | 11,212 |
| | <u>38,321</u> | <u>120,365</u> | <u>8,397</u> | <u>167,083</u> |
| Total Cash Receipts | | | | |
| Cash Disbursements: | | | | |
| General Government | 20,841 | 1,320 | - | 22,161 |
| Public Safety | 3,469 | 11,700 | - | 15,169 |
| Public Works | 5,027 | 109,947 | - | 114,974 |
| Debt Service: | | | | |
| Redemption of Principal | - | - | 6,053 | 6,053 |
| Interest and Fiscal Charges | - | - | 2,987 | 2,987 |
| Capital Outlay | 1,600 | 53,686 | - | 55,286 |
| | <u>30,937</u> | <u>176,653</u> | <u>9,040</u> | <u>216,630</u> |
| Total Cash Disbursements | | | | |
| Total Cash Receipts Over/(Under) Disbursements | <u>7,384</u> | <u>(56,288)</u> | <u>(643)</u> | <u>(49,547)</u> |
| Other Financing Receipts: | | | | |
| Note Proceeds | - | 46,086 | - | 46,086 |
| Sale of Fixed Assets | - | 7,500 | - | 7,500 |
| | <u>-</u> | <u>53,586</u> | <u>-</u> | <u>53,586</u> |
| Total Other Financing Receipts | | | | |
| Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 7,384 | (2,702) | (643) | 4,039 |
| Fund Cash Balances, January 1 | <u>1,921</u> | <u>24,118</u> | <u>643</u> | <u>26,682</u> |
| Fund Cash Balances, December 31 | <u>\$ 9,305</u> | <u>\$ 21,416</u> | <u>\$ -</u> | <u>\$ 30,721</u> |

The accompanying notes are integral to the basic financial statements

**PERRY TOWNSHIP
MONROE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|-------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | |
| Cash Receipts: | | | | |
| Local Taxes | \$ 5,984 | \$ 15,404 | \$ - | \$ 21,388 |
| Intergovernmental | 8,779 | 99,250 | 4,950 | 112,979 |
| Earnings on Investments | 755 | 34 | - | 789 |
| Other Revenue | 1,396 | 4,631 | - | 6,027 |
| | <u>16,914</u> | <u>119,319</u> | <u>4,950</u> | <u>141,183</u> |
| Total Cash Receipts | | | | |
| Cash Disbursements: | | | | |
| General Government | 16,571 | 1,167 | - | 17,738 |
| Public Safety | 573 | 12,616 | - | 13,189 |
| Public Works | 168 | 100,107 | - | 100,275 |
| Health | 2,700 | - | - | 2,700 |
| Debt Service: | | | | |
| Redemption of Principal | - | - | 3,529 | 3,529 |
| Interest and Fiscal Charges | - | - | 1,638 | 1,638 |
| Capital Outlay | - | 3,908 | - | 3,908 |
| | <u>20,012</u> | <u>117,798</u> | <u>5,167</u> | <u>142,977</u> |
| Total Cash Disbursements | | | | |
| Total Cash Receipts Over/(Under) Disbursements | <u>(3,098)</u> | <u>1,521</u> | <u>(217)</u> | <u>(1,794)</u> |
| Other Financing Receipts and (Disbursements): | | | | |
| Advances-In | 200 | 200 | - | 400 |
| Advances-Out | (200) | (200) | - | (400) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Receipts/(Disbursements) | | | | |
| Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | <u>(3,098)</u> | <u>1,521</u> | <u>(217)</u> | <u>(1,794)</u> |
| Fund Cash Balances, January 1 | <u>5,019</u> | <u>22,597</u> | <u>860</u> | <u>28,476</u> |
| Fund Cash Balances, December 31 | <u>\$ 1,921</u> | <u>\$ 24,118</u> | <u>\$ 643</u> | <u>\$ 26,682</u> |

The accompanying notes are integral to the basic financial statements

**PERRY TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Perry Township, Monroe County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Antioch Volunteer Fire Department to provide fire services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

Change in Basis of Accounting

During the last audit period the Township implemented the cash basis of accounting. The fund financial statements presented each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. This audit period the Township has elected to report fund financial statements by fund type using the regular basis of accounting as prescribed by the Auditor of State's office.

C. Cash and Investments

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts and disbursements, respectively.

The Township invests in STAR Ohio (the State Treasurer's investment pool). Investments in STAR Ohio are recorded as share values reported by the state Treasurer.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**PERRY TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

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

Fire Levy Fund – This fund receives semi-annual tax settlements for the purpose of providing fire protection for the residents of the Township.

3. Debt Service Fund

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

General Note Retirement Fund – This fund receives gasoline tax money to pay principal and interest payments associated with Township note debt.

General Bond Retirement Fund – This fund receives gasoline tax money to pay principal and interest payments associated with Township bond debt.

D. 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. 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 cancelled, and re-appropriated in the subsequent year.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**PERRY TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

| | 2008 | 2007 |
|-----------------|-----------|-----------|
| Demand deposits | \$ 30,494 | \$ 14,915 |
| STAR Ohio | 227 | 11,767 |
| | \$ 30,721 | \$ 26,682 |

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and December 31, 2007, follows:

2008 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|----------|
| General | \$ 38,400 | \$ 38,321 | \$ (79) |
| Special Revenue | 173,827 | 173,951 | 124 |
| Debt Service | 9,040 | 8,397 | (643) |
| Total | \$ 221,267 | \$ 220,669 | \$ (598) |

2008 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------|----------------------------|---------------------------|-----------|
| General | \$ 34,278 | \$ 30,937 | \$ 3,341 |
| Special Revenue | 195,580 | 176,653 | 18,927 |
| Debt Service | 10,236 | 9,040 | 1,196 |
| Total | \$ 240,094 | \$ 216,630 | \$ 23,464 |

2007 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|----------|
| General | \$ 16,650 | \$ 17,114 | \$ 464 |
| Special Revenue | 118,120 | 119,519 | 1,399 |
| Debt Service | 4,950 | 4,950 | 0 |
| Total | \$ 139,720 | \$ 141,583 | \$ 1,863 |

**PERRY TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

| 2007 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 21,488 | \$ 20,212 | \$ 1,276 |
| Special Revenue | 132,900 | 117,998 | 14,902 |
| Debt Service | 5,810 | 5,167 | 643 |
| Total | \$ 160,198 | \$ 143,377 | \$ 16,821 |

4. PROPERTY TAX

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

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

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

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

5. DEBT

Debt outstanding at December 31, 2008, was as follows:

| | Principal | Interest Rate |
|-----------------------------------|-----------|---------------|
| General Obligation Note - Backhoe | \$23,517 | 5.50% |
| General Obligation Note - Tractor | 43,791 | 6.00% |
| | \$67,308 | |

The general obligation notes were issued to finance the purchase of a John Deere backhoe in 2005 and a Massey Ferguson tractor in 2008 for \$46,086 to be used for Township road maintenance. The backhoe and tractor are pledged as collateral.

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

| | Backhoe General Obligation Note | Tractor General Obligation Note |
|-----------------------------|---------------------------------------|---------------------------------------|
| Year Ending December 31: | | |
| 2009 | \$5,167 | \$6,640 |
| 2010 | 5167 | 6640 |
| 2011 | 5167 | 6640 |
| 2012 | 5167 | 6640 |
| 2013 | 5167 | 6640 |
| 2014-2018 | 1292 | 22683 |
| | \$27,127 | \$55,883 |

**PERRY TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. RETIREMENT SYSTEM

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, members of PERS contributed 10% (2008) and 9.5% (2007) of their gross salaries. The Township contributed an amount equal to 14% (2008) and 13.85% (2007) of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

7. RISK MANAGEMENT

Risk Pool Membership

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. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,695,000 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 PEP'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 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

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

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 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 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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.

**PERRY TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. RISK MANAGEMENT (Continued)

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, 2007 and 2006 (the most current 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 \$5,853. 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 | |
|-------------------------|----------|
| 2007 | \$ 2,592 |
| 2008 | \$ 3,371 |

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.

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Certified Public Accountants, A.C.

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

March 13, 2009

Perry Township
Monroe County
38608 State Route 800
Sardis, Ohio 43946

To the Board of Trustees:

We have audited the financial statements of **Perry Township, Monroe County, Ohio** (the Township) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated March 13, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of the 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 considered significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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.

Internal Control Over Financial Reporting (Continued)

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2008-001.

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 believe the significant deficiency described above is not 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 no instances of noncompliance or other matter that we must report under *Government Auditing Standard*.

In a separate letter to the Township's management dated March 13, 2009 we reported another matter related to noncompliance we deemed immaterial.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**PERRY TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Significant Deficiency

Posting Revenues and Expenditures

Receipts and Expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code Section 117-7-01.

During 2007 and 2008, several receipts and expenditures were not posted into accurate classifications based on the source of the receipt or expenditure. For example, various property tax revenues were not posted into the correct receipt classification. In addition, the expenditures for the debt principal payments were posted to the interest payments. This resulted in several reclassification entries being made to the financial statements.

We recommend the Fiscal Officer refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Township Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

Management's Response – We did not receive a response from officials to this finding.



Mary Taylor, CPA
Auditor of State

PERRY TOWNSHIP

MONROE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 7, 2009**