

PERRY TOWNSHIP
MORROW COUNTY, OHIO

Audited Financial Statements

For the Year Ended December 31, 2006



Mary Taylor, CPA
Auditor of State

Board of Trustees
Perry Township
P. O. Box 212
Shauck, Ohio 43349

We have reviewed the *Independent Auditor's Report* of Perry Township, Morrow County, prepared by Van Kregel and Company, CPA's, for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

December 18, 2007

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Perry Township
Morrow County, Ohio

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INDEPENDENT AUDITOR'S REPORT

Perry Township
Morrow County, Ohio
P.O. Box 212
Shauck, Ohio 43349

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, Morrow County, Ohio (the Township) as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 discussed in Note 2, the accompanying financial statements and notes follow the modified cash basis of accounting. This is a comprehensive 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 modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Perry Township, Morrow County, Ohio, as of December 31, 2006, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, and Cemetery Funds for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in assessing the results of our audit.

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Perry Township
Morrow County
Independent Auditor's Report
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Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America 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 an opinion on it.

Van Krevel & Company

Van Krevel & Company
Dublin, Ohio

November 9, 2007

Perry Township
Morrow County, Ohio
Management's Discussion and Analysis
December 31, 2006
(Unaudited)

This discussion and analysis of Perry Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, within the limitations of the Township's modified cash basis of 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:

The Government's general receipts are primarily property taxes. These receipts represent 27% of the total cash received for governmental activities during the year. Property and income tax receipts for 2006 changed very little (9%) compared to 2005.

Perry Township's gas fund also provided 39% of the total cash receipts for 2006. In 2006, this fund's receipts increased by 10% compared to 2005.

The road levy (2 mills) and cemetery levy (1.3 mills) renewals, which were on the November 2006 ballot, passed. These will provide the Township with approximately \$20,000 for the upkeep and improvement of roads, and \$8,500 for the care of Shauck Cemetery.

The 41 purchased graves in Shauck Cemetery produced \$13,000 in receipts. There were also 25 burials in 2006.

The Trustees also approved the purchase of a new mower for the upkeep of the cemeteries. The purchase price was \$6,216.

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 Perry Township's modified 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
Morrow County, Ohio
Management's Discussion and Analysis
December 31, 2006
(Unaudited)

Basis of Accounting

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

As a result of using the modified 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 modified cash basis of accounting.

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how Perry Township did financially during 2006, within the limitations of the modified cash basis of accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods and 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 or business-type activity 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 modified 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, we divide the Township into two types of activities:

Government activities. Most of the Township's basic services are reported here, including police, fire, streets and parks. State and Federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business type activity. The Township has no business-type activity at this time.

Perry Township
Morrow County, Ohio
Management's Discussion and Analysis
December 31, 2006
(Unaudited)

Reporting the Government'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 are split into three categories: governmental, proprietary and fiduciary.

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

Proprietary Funds - When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. When the services are provided to other departments of the Township, the services are reported as an internal service activity. Perry Township has no Proprietary Funds.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

Perry Township
Morrow County, Ohio
Management's Discussion and Analysis
December 31, 2006
(Unaudited)

The Government as a Whole

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

(Table 1)
Net Assets

	<u>Governmental Activities 2006</u>	<u>Total 2006</u>
Assets:		
Cash and Cash Equivalents	\$116,684	\$116,684
Total Assets	<u>\$116,684</u>	<u>\$116,684</u>
Net Assets:		
Restricted for:	\$	\$
Debt Service		
Capital Outlay		
Other Purposes	70,490	70,490
Unrestricted	<u>46,194</u>	<u>46,194</u>
Total Net Assets	<u>\$116,684</u>	<u>\$116,684</u>

Property tax has increased very little in the past two years.

The Township has continued to repair township roads with increasing costs due to poor conditions of roads. The total amount for repairing and upkeep of township roads was \$82,161. This total includes culvert repair, delivered gravel and asphalt cost, roadside mowing, and contracted help costs and road signs. The Township also applied dust control which was costly in the amount of \$30,259. In addition, equipment repair was quite costly in the amount of \$14,917.

Table 2 reflects the changes in net assets in 2006. Since the Township did not prepare financial statements in this format for 2005, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Perry Township
Morrow County, Ohio
Management's Discussion and Analysis
December 31, 2006
(Unaudited)

The Government as a Whole (continued)

(Table 2)
Changes in Net Assets

	Governmental Activities <u>2006</u>	Totals <u>2006</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 23,577	\$ 23,577
Operating Grants and Contributions	<u>108,793</u>	<u>108,793</u>
Total Program Receipts	<u>132,370</u>	<u>132,370</u>
General Receipts:		
Property and Other Local Taxes	65,902	65,902
Grants and Entitlements Not Restricted		
To Specific Programs	29,674	29,674
Interest	3,180	3,180
Miscellaneous	<u>751</u>	<u>751</u>
Total General Receipts	<u>99,507</u>	<u>99,507</u>
Total Receipts	<u>231,877</u>	<u>231,877</u>
Disbursements:		
General Government	56,057	56,057
Public Safety	1,362	1,362
Public Works	136,526	136,256
Health	29,418	29,418
Other	450	450
Capital Outlay	11,993	11,993
Principal Retirement	6,000	6,000
Interest and Fiscal Charges	<u>479</u>	<u>479</u>
Total Disbursements	<u>242,285</u>	<u>242,285</u>
Increase (Decrease) in Net Assets	(10,408)	(10,408)
Net Assets, January 1, 2006	<u>127,092</u>	<u>127,092</u>
Net Assets, December 31, 2006	<u>\$116,684</u>	<u>\$116,684</u>

Program receipts represent 57% of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 43% of the Township's total receipts, and of this amount, over 66% are local taxes. State and Federal grants and entitlements make up the balance of the Township's general receipts (30%). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Perry Township
Morrow County, Ohio
Management's Discussion and Analysis
December 31, 2006
(Unaudited)

The Government as a Whole (continued)

Governmental Activities

If you look at the Statement of Activities on page 11, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General Government which account for 23% and Public Works which represents a significant cost of 56% of all governmental disbursements. The next two 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 Receipts (Disbursements) 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 <u>2006</u>	Net Cost of Services <u>2006</u>
General Government	\$ 56,057	\$ (56,057)
Public Works	136,526	(29,436)
Public Health Services	29,418	(4,138)
Public Safety	1,362	(1,362)
Other	450	(450)
Capital Outlay	11,993	(11,993)
Principal Retirement	6,000	(6,000)
Interest and Fiscal Charges	<u>479</u>	<u>(479)</u>
Total Expenses	<u>\$242,285</u>	<u>\$(109,915)</u>

The dependence on property tax is apparent as over 49% of governmental activities are supported through these general receipts.

The Government's Funds

Total governmental funds had receipts of \$231,877 and disbursements of \$242,285. The greatest change within governmental funds occurred within the Gas Fund. The disbursements were \$17,429 more than receipts. This was due to higher than expected materials for road repair and upkeep. Also, two trustees' salaries were paid out of the Gas Fund due to a decrease in the General Fund in 2006.

Perry Township
Morrow County, Ohio
Management's Discussion and Analysis
December 31, 2006
(Unaudited)

General Fund Budgeting Highlights

Perry 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, actual receipts were above budgeted receipts due to unexpected increases in Gas Tax, Cemetery Fees, and Estate Tax.

Capital Assets and Debt Administration

Debt

At December 31, 2006, the Township's outstanding debt was \$6,000 in general obligation bonds for the purchase of equipment. For further information regarding the Township's debt, refer to Note 10 to the basic 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. The Township's shrinking budget and higher costs will require control of unnecessary spending in all funds. However, the Township plans on improving the much needed Township roads with Road Levy Monies and Gas Tax.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the Government'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 Tammy Wilgus, Fiscal Officer, Perry Township, at P.O. Box 212, Shauck, OH 43349.

Perry Township
Morrow County, Ohio

Statement of Net Assets - Modified Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	<u>\$116,684</u>
Total Assets	<u>\$116,684</u>
 NET ASSETS	
Restricted:	
Other Purposes	\$ 70,490
Unrestricted	<u>46,194</u>
Total Net Assets	<u>\$116,684</u>

Perry Township
Morrow County, Ohio

Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006

		<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges For Services and Sales</u>	<u>Operating Grants and Contributions</u>
			<u>Governmental Activities</u>
Governmental Activities:			
General Government	\$ 56,057	\$	\$ (56,057)
Public Safety	1,362		(1,362)
Public Works	136,526		(29,436)
Health	29,418	23,577	(4,138)
Other	450		(450)
Capital Outlay	11,993		(11,993)
Debt Service:			
Principal	6,000		(6,000)
Interest	479		(479)
Total Governmental Activities	<u>\$242,285</u>	<u>\$23,577</u>	<u>\$108,793</u>
General Receipts:			
Property Taxes			\$ 64,547
Other Taxes			1,355
Grants and Entitlements not Restricted to Specific Programs			29,674
Earnings on Investments			3,180
Miscellaneous			<u>751</u>
Total General Receipts			<u>99,507</u>
Changes in Net Assets			(10,408)
Net Assets-Beginning of the Year			<u>127,092</u>
Net Assets-End of the Year			<u>\$ 116,684</u>

Perry Township
Morrow County, Ohio

Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	<u>General</u>	<u>Gasoline Tax</u>	<u>Cemetery</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash	<u>\$46,194</u>	<u>\$19,911</u>	<u>\$34,243</u>	<u>\$16,336</u>	<u>\$116,684</u>
Total Assets	<u>\$46,194</u>	<u>\$19,911</u>	<u>\$34,243</u>	<u>\$16,336</u>	<u>\$116,684</u>
 Fund Balances					
Unreserved:					
Undesignated, Reported in:					
General Fund	\$46,194	\$	\$	\$	\$ 46,194
Special Revenue Funds	<u> </u>	<u>19,911</u>	<u>34,243</u>	<u>16,336</u>	<u>70,490</u>
Total Fund Balances	<u>\$46,194</u>	<u>\$19,911</u>	<u>\$34,243</u>	<u>\$16,336</u>	<u>\$116,684</u>

Perry Township
Morrow County, Ohio

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

	<u>General</u>	Gasoline <u>Tax</u>	<u>Cemetery</u>	Other Governmental <u>Funds</u>	<u>Total</u>
Receipts:					
Property and Other Local Taxes	\$29,100	\$	\$ 8,953	\$26,494	\$ 64,547
Licenses, Permits and Fees			10,577		10,577
Intergovernmental	29,674	90,259	1,202	13,549	134,684
Special Assessments				1,355	1,355
Earnings on Investments	3,010	156		14	3,180
Miscellaneous	<u>1</u>	<u>610</u>	<u>13,640</u>	<u>3,283</u>	<u>17,534</u>
Total Receipts	61,785	91,025	34,372	44,695	231,877
Disbursements:					
Current:					
General Government	34,887	19,814	641	715	56,057
Public Safety	1,362				1,362
Public Works	4,226	82,161		50,139	136,526
Health	1,849		27,569		29,418
Other			450		450
Capital Outlay			11,993		11,993
Debt Service :					
Principal		6,000			6,000
Interest and Fiscal Charges		<u>479</u>			<u>479</u>
	<u>42,324</u>	<u>108,454</u>	<u>40,653</u>	<u>50,854</u>	<u>242,285</u>
Excess of Receipts Over (Under) Disbursements	19,461	(17,429)	(6,281)	(6,159)	(10,408)
Other Financing Sources (Uses)					
Transfers In			50	50	100
Transfers Out	<u>(100)</u>				<u>(100)</u>
Total Other Financing Sources (Uses)	(100)	-	50	50	-
Net Change in Fund Balance	19,361	(17,429)	(6,231)	(6,109)	(10,408)
Balances, January 1	<u>26,833</u>	<u>37,340</u>	<u>40,474</u>	<u>22,445</u>	<u>127,092</u>
Fund Balances, December 31	<u>\$46,194</u>	<u>\$ 19,911</u>	<u>\$34,243</u>	<u>\$16,336</u>	<u>\$116,684</u>

Perry Township
Morrow County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$ 25,800	\$ 25,800	\$ 29,100	\$ 3,300
Intergovernmental	16,819	16,819	29,674	12,855
Earnings on Investments	1,500	1,500	3,010	1,510
Miscellaneous	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Total Receipts	<u>44,120</u>	<u>44,120</u>	<u>61,785</u>	<u>17,665</u>
Disbursements:				
Current:				
General Government	43,897	43,897	34,887	9,010
Public Safety	1,362	1,362	1,362	
Public Works	5,000	5,000	4,226	774
Health	1,885	1,885	1,849	36
Conservation-Recreation	<u>1,000</u>	<u>1,000</u>	<u> </u>	<u>1,000</u>
Total Disbursements	<u>53,144</u>	<u>53,144</u>	<u>42,324</u>	<u>10,820</u>
Excess of Receipts Over (Under) Disbursements	(9,024)	(9,024)	19,461	28,485
Other Financing Sources (Uses)				
Transfers Out	(1,400)	(1,400)	(100)	1,300
Other Financing Uses	<u>(2,000)</u>	<u>(2,000)</u>	<u> </u>	<u>2,000</u>
Total Other Financing Sources (Uses)	<u>(3,400)</u>	<u>(3,400)</u>	<u>(100)</u>	<u>3,300</u>
Net Change in Fund Balance	(12,424)	31,375	19,361	31,785
Fund Balances, January 1	<u>26,833</u>	<u>26,833</u>	<u>26,833</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 14,409</u>	<u>\$ 14,409</u>	<u>\$ 46,194</u>	<u>\$ 31,785</u>

Perry Township
Morrow County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual - Budget Basis
Gasoline Tax
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts:				
Intergovernmental	\$ 73,000	\$ 73,000	\$ 90,259	\$ 17,259
Earnings on Investments	120	120	156	36
Miscellaneous	<u> </u>	<u> </u>	<u>610</u>	<u>610</u>
Total Receipts	<u>73,120</u>	<u>73,120</u>	<u>91,025</u>	<u>17,905</u>
Disbursements:				
Current:				
General Government	20,140	20,140	19,814	326
Public Works	68,700	83,420	82,161	1,259
Capital Outlay	10,000			-
Debt Service				
Principal	6,000	6,000	6,000	-
Interest and Fiscal Charges	<u>900</u>	<u>900</u>	<u>479</u>	<u>421</u>
Total Disbursements	<u>105,740</u>	<u>110,460</u>	<u>108,455</u>	<u>2,005</u>
Excess of Receipts Over (Under) Disbursements	(32,620)	(37,340)	(17,429)	19,911
Fund Balances, January 1	<u>37,340</u>	<u>37,340</u>	<u>37,340</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 4,720</u>	<u>\$ -</u>	<u>\$ 19,911</u>	<u>\$ 19,911</u>

Perry Township
Morrow County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual - Budget Basis
Cemetery
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts:				
Property and Other Local Taxes	\$ 8,600	\$ 8,600	\$ 8,953	\$ 353
Licenses, Permits and Fees	7,000	7,000	10,577	3,577
Intergovernmental	1,000	1,000	1,202	202
Earnings on Investments	<u>7,000</u>	<u>7,000</u>	<u>13,640</u>	<u>6,640</u>
Total Receipts	<u>23,600</u>	<u>23,600</u>	<u>34,372</u>	<u>10,772</u>
Disbursements:				
Current:				
General Government	775	775	641	134
Health	34,725	34,725	27,569	7,156
Human Services	477	27	27	27
Other		450	450	-
Capital Outlay	<u>17,500</u>	<u>17,500</u>	<u>11,993</u>	<u>5,507</u>
Total Disbursements	<u>53,477</u>	<u>53,477</u>	<u>40,653</u>	<u>12,824</u>
Excess of Receipts Over (Under) Disbursements	(29,877)	(29,877)	(6,281)	23,596
Other Financing Sources (Uses)				
Transfers In	<u>60</u>	<u>60</u>	<u>50</u>	<u>(10)</u>
Total Other Financing Sources (Uses)	60	60	50	(10)
Net Change in Fund Balances	(29,817)	(29,817)	(6,231)	23,586
Fund Balances, January 1	<u>40,474</u>	<u>40,474</u>	<u>40,474</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 10,657</u>	<u>\$ 10,657</u>	<u>\$ 34,243</u>	<u>\$ 23,586</u>

Perry Township
Morrow County, Ohio

Statement of Fiduciary Net Assets
Fiduciary Fund – Miller Fund
December 31, 2006

	Private Purpose Trust <u>Miller Fund</u>
Assets:	
Investments	<u>\$ 458</u>
Total Assets	<u>\$ 458</u>
Net Assets:	
Held in Trust for Cemetery Maintenance	<u>\$ 458</u>
Total Net Assets	<u>\$ 458</u>

Perry Township
Morrow County, Ohio

Statement of Changes in Fiduciary Net Assets
Fiduciary Fund – Miller Fund
For the Year Ended December 31, 2006

	Private Purpose Trust <u>Miller Fund</u>
Additions:	
Interest	\$ 2
Deductions	<u>(60)</u>
Change in Net Assets	<u>(60)</u>
Net Assets – Beginning of Year	516
Net Assets – End of Year	<u>\$ 458</u>

Perry Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006

NOTE 1 REPORTING ENTITY

Perry Township, Morrow County, Ohio (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

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

A Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general governmental services, maintenance of Township roads and cemetery maintenance.

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 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 levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. Perry Township has no Component Units.

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 2C, these financial statements are presented on a modified cash basis of accounting. This modified 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 modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, 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 modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business type activities and to its enterprise funds. Following are the most 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.

Perry Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Perry Township has no business type activities.

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 are 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 activity is self financing on a modified 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. Non major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

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 and a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into two categories, governmental and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non exchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gas Fund, and the Cemetery 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 Gas Fund is primarily used for maintenance of Township roads. The Cemetery Fund is used for the maintenance and upkeep of Shauck Cemetery.

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

Perry Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds

Fiduciary funds include private purpose trust funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's private purpose trust fund accounts for the perpetual care of the Miller cemetery graves.

C Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Townships'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 modified 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 ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object 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 Clerk. 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 certificate of estimated resources in effect at the time final appropriations were passed by the Township.

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

Perry Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E Cash and Investments

Township records identify the purchase of specific investments by specific funds.

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."

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. 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 or negative receipts, respectively.

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 2006 were \$3,012.

F Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent \$70,490 of net assets.

G Inventory and Prepaid Items

The Township reports disbursement 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 Interfund Receivables/Payables

The Township reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J 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 modified cash basis of accounting.

Perry Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K Employer Contributions to Cost Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and postretirement health care benefits.

L Long-Term Obligations

The Township's modified 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. Lease payments are reported when paid.

M 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 maintaining and repairing Township roads and cemetery maintenance. 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.

N 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. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. There were no reserves for encumbrances at December 31, 2006.

O 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 CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

For 2005, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2006, the Township has implemented the modified cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with non major funds aggregated and presented in a single column rather than a column for each fund type. The transition from the regulatory basis of accounting to the modified cash basis of accounting did not have any impact on the fund balances of the Township.

Perry Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006

NOTE 4 BUDGETARY BASIS OF ACCOUNTING

The budgetary basis of accounting 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 Balances - Budget and Actual - Budgetary Basis presented for the General Fund, Gasoline Tax Fund, and Cemetery Fund are prepared on the budgetary basis to provide meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). There were no encumbrances outstanding at December 31, 2006.

NOTE 5 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.

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% 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;

Perry Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006

NOTE 5 DEPOSITS AND INVESTMENTS (continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), and by collateral pledged to the Township by the financial institution to secure the repayment of all public monies deposited with the institution.

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

At year end, the Township maintained deposits at Chase Bank. The carrying and bank balances of the Township's deposits at December 31, 2006 were \$117,142 and \$126,444, respectively. Of the bank balance, \$55,888 is a high yield savings account and \$100,000 of the total balance was covered by the Federal Depository Insurance.

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 year end, \$26,444 of the Township's bank balance 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.

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 105% of the deposits being secured.

Investments

In 2006, the Township had no investments.

NOTE 6 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 2006 represent the collection of 2005 taxes. 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% 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.

Perry Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006

NOTE 6 PROPERTY TAXES (continued)

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

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. 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% of true value for capital assets and 23% for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2006, was \$5 per \$1,000 of assessed value. 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	\$160,306
Agricultural	44,630
Commercial/Industrial/Mineral	8,976
Tangible Personal Property	1,993
Public Utility Property	
Real	-
Personal	<u>8,173</u>
Total Assessed Value	<u>\$224,078</u>

NOTE 7 RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 515 Ohio governments ("Members"), as of December 31, 2006.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity for the public purpose of enabling its members to obtain self-insurance through a jointly administered self-insurance fund. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's risk management needs. The Plan pays judgments, settlements, and other expenses resulting from covered claims that exceed the Member's deductible.

Perry Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006

NOTE 7 RISK MANAGEMENT (continued)

Policies effective November 1, 2005 and after, the Plan began retaining 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	<u>2006</u>
Assets	\$9,620,148
Liabilities	<u>(3,329,620)</u>
Members' Equity	<u>\$6,290,528</u>

Complete audited financial statements for The Ohio Government Risk Management Plan can be read at the Plan's website, www.ohioplan.org.

NOTE 8 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 5 years at 20% per year.) Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

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

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

For the year ended December 31, 2006, the members of all three plans were required to contribute 9% of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 9.2%. The Ohio Revised Code provides statutory authority for member and employer contributions.

Perry Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006

NOTE 9 POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member –directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer’s contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7% of covered payroll; 4.5% of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS’ latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5%, an annual increase in active employee total payroll of 4% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.5% and 6.3% based on additional annual pay increases. Health care premiums are assumed to increase between 0.5% and 6% annually for the next nine years and 4% annually after nine years.

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

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 which were used to fund postemployment benefits have been paid. The actual contribution and the actuarially required contribution amounts are the same. OPERS’ net assets available for payment of benefits at December 31, 2005 (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

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

NOTE 10 DEBT

The Township’s long-term debt activity for the year ended December 31, 2006, was as follows:

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Balance December 31, 2005</u>	<u>Reductions</u>	<u>Balance December 31, 2006</u>	<u>Due Within One Year</u>
General Obligation Bond					
2002 Issue (Original amount \$30,000)	4.5%	<u>\$12,000</u>	<u>\$6,000</u>	<u>\$6,000</u>	<u>\$6,000</u>

Perry Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006

NOTE 10 DEBT (continued)

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

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

	<u>Principal</u>	<u>Interest</u>
Year Ending December 31, 2007	<u>\$ 6,000</u>	<u>\$ 270</u>

NOTE 11 INTERFUND TRANSFERS

During 2006 the following transfers were made:

Transfers from the General Fund to:	
Cemetery Fund	\$ 50
Other Governmental Funds	<u>50</u>
Total Transfers from the General Fund	<u>\$100</u>

The transfer from the General Fund to the Cemetery Fund is for interest earned in the Cemetery Fund for the fiscal year.
The transfer from the General Fund to Other Governmental Funds is for interest earned in those funds for the fiscal year.

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

Perry Township
Morrow County, Ohio
P O Box 212
Shauck, Ohio 43349

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, Morrow County, Ohio (the Township) as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated November 9, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United State of American and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

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Perry Township
Morrow County, Ohio
Independent Accountant's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards*

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated November 9, 2007.

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



Van Krevel & Company
Dublin, Ohio

November 9, 2007



Mary Taylor, CPA
Auditor of State

PERRY TOWNSHIP

MORROW 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
DECEMBER 31, 2007**