



PERRY TOWNSHIP, FAYETTE COUNTY

Regular Audit

**For the Years Ended
December 31, 2008 and 2007**

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Mary Taylor, CPA
Auditor of State

Board of Trustees
Perry Township
11 Zimmerman Rd.
Washington Courthouse, Ohio 43160

We have reviewed the *Independent Auditor's Report* of Perry Township, Fayette County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2007 to 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.

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 23, 2009

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PERRY TOWNSHIP, FAYETTE COUNTY
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Independent Auditor's Report

Board of Trustees
Perry Township, Fayette County
11 Zimmerman Road
Washington Court House, OH 43160

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Perry Township (the Township), Fayette County as of and for the years ended December 31, 2008 and 2007, 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of December 31, 2008 and 2007, and the respective changes in financial position and the respective budgetary comparisons for the General, Gasoline Tax, and Road and Bridge Funds for the years then ended in conformity with the cash basis of accounting presented in Note 2.

As described in Note 3, during the years ended December 31, 2008 and 2007, the Township has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Also as described in Note 3, during the years ended December 31, 2008 and 2007, the Township implemented GASB Statement Nos. 37, 38, 40 and 50.

Board of Trustees
Perry Township, Fayette County
Independent Auditor's Report

In accordance with *Government Auditing Standards*, we have also issued a report dated March 20, 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 grants. While we do 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 when considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

March 20, 2009

PERRY TOWNSHIP, FAYETTE COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

This discussion and analysis of the Perry Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2008 and 2007, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statements No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Township has elected to exclude the information in this report. Subsequent reports will include the comparative information.

Highlights

Key highlights for 2008 and 2007 are as follows:

In 2008, net assets of governmental activities increased \$127,483, or 34.46 percent, a significant change from the prior year. The funds most affected by the increase in cash and cash equivalents were the General Fund, which realized an increase due to estate taxes and the Gasoline Tax Fund, which showed an increase due to fewer expenditures.

In 2007, net assets of governmental activities increased \$21,144, or 6.06 percent, a change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Gasoline Tax Fund, which realized an increase due to fewer expenditures.

The Township's primary general receipts are normally property taxes. In 2008, a large sum was received for estate taxes. The estate tax receipts represent 34.29 percent of the total cash received for governmental activities during the year. The property tax receipts represent 22.16 percent of the total cash received in 2008 for governmental activities during the year. Property tax receipts for 2008 increased slightly compared to 2007.

For 2007, property taxes represent respectively 26.54 percent of the total cash received for governmental activities during the year. Property tax receipts for 2007 changed very little compared to 2006 as development within the Township has slowed.

Using the Basic Financial Statements

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

PERRY TOWNSHIP, FAYETTE COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

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

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a 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 Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2008 and 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

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

PERRY TOWNSHIP, FAYETTE COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

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

Governmental Activities. All of the Township's basic services are reported here, including fire and Township roads. State income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

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

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

PERRY TOWNSHIP, FAYETTE COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2008 and 2007 on a modified cash basis. Since the Township did not prepare financial statements in this format in 2006, a comparative analysis of Township-wide data has not been presented. In future years, when prior information is available, a comparative analysis will be presented.

(Table 1)

Net Assets

	Governmental Activities	
	2008	2007
Assets		
Cash and Cash Equivalents	\$497,397	\$369,914
Total Assets	\$497,397	\$369,914
Net Assets		
<i>Restricted for:</i>		
Other Purposes	\$360,843	\$305,494
<i>Permanent Fund Purpose:</i>		
Nonexpendable	3,796	3,893
Unrestricted	132,758	60,527
Total Net Assets	\$497,397	\$369,914

As mentioned previously, net assets of governmental activities increased \$127,483, or 34.46 percent during 2008. Net assets of governmental activities increased \$21,144, or 6.06 percent during 2007. The primary reasons contributing to the increases in cash balances for 2008 and 2007 are as follows:

- Estate tax received in the General Fund in 2008.
- There were fewer expenditures from the Gasoline Tax Fund in 2008.
- There were fewer expenditures from the Gasoline Tax Fund in 2007.

PERRY TOWNSHIP, FAYETTE COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

Table 2 reflects the changes in net assets in 2008 and 2007.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2008	2007
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$11,089	\$11,230
Operating Grants and Contributions	89,722	91,559
Total Program Receipts	<u>100,811</u>	<u>102,789</u>
General Receipts:		
Property and Other Local Taxes	63,803	52,466
Grants and Entitlements Not Restricted	113,003	26,888
Earnings on Investments	10,316	13,505
Miscellaneous	19	2,021
Total General Receipts	<u>187,141</u>	<u>94,880</u>
Total Receipts	<u>287,952</u>	<u>197,669</u>
Disbursements:		
General Government	64,894	68,184
Public Safety	19,916	17,821
Public Works	75,659	90,520
Total Disbursements	<u>160,469</u>	<u>176,525</u>
Increase (Decrease) in Net Assets	127,483	21,144
Net Assets, January 1,	<u>369,914</u>	<u>348,770</u>
Net Assets, December 31,	<u>\$497,397</u>	<u>\$369,914</u>

Program receipts represent only 35.01 percent of total receipts during 2008 and 52.00 percent of total receipts during 2007. Program receipts are comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, charges for emergency medical services and fire services under contracts.

PERRY TOWNSHIP, FAYETTE COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
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General receipts represent 64.99 percent in 2008 and 48.00 percent in 2007 of the Township's total receipts, and of this amount, over 34.09 percent in 2008 and 55.30 percent in 2007 are local taxes. State and federal grants and entitlements make up the balance of the Township's total receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Township represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of Trustees, Fiscal Officer, and other general activities, as well as internal services such as payroll and purchasing. Since these costs do not represent direct service to residents, we try to limit these costs.

Public safety costs are costs associated with fire protection and emergency services. Public works are costs associated with maintaining Township roads.

Governmental Activities

If you look at the Statement of Activities 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 public works and general government, which account for \$140,553 or 87.59 percent in 2008 and \$158,704 or 89.90 percent in 2007 of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net receipt (disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost during 2008 and 2007 is presented in Table 3. Since the Township did not prepare financial statements in this format for 2006, a comparative analysis of Township-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2008	2008	2007	2007
General Government	\$64,894	\$64,894	\$68,184	\$68,184
Public Safety	19,916	19,916	17,821	17,821
Public Works	75,659	(24,232)	90,520	(11,469)
Other	0	(920)	0	(800)
Total Expenses	\$160,469	\$59,658	\$176,525	\$73,736

The dependence upon property tax receipts is apparent as over 39 percent in 2008 and 29 percent in 2007 of governmental activities are supported through these general receipts.

PERRY TOWNSHIP, FAYETTE COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

The Township's Funds

Total governmental funds had receipts of \$278,952 in 2008 and \$197,669 in 2007 and disbursements of \$160,469 in 2008 and \$176,525 in 2007. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$72,230 as the result of increased estate taxes in 2008. The fund balance of the General Fund decreased \$16,167 as the result of increased costs for salaries and benefits and not achieving anticipated growth in property tax receipts for 2007.

General Fund Budgeting Highlights

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

During 2008, the difference in the General Fund between final budgeted receipts and actual receipts of \$102,424 was due to a large amount received from estate taxes. Final disbursements were budgeted at \$97,518 while actual disbursements were \$67,185. Expenditures were conservative for 2008.

During 2007, the difference in the General Fund between final budgeted receipts and actual receipts was (\$52,369). Final budgeted disbursements were \$185,162 while actual disbursements were \$72,268. Although receipts failed to live up to expectations, receipts were not reduced.

Debt Administration

At December 31, 2008 and 2007, the Township had no outstanding debt.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited funding. As indicated in the preceeding financial information, the Township relies heavily on local taxes and intergovernmental receipts to operate at the current level of services.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Howard D. Smith, Fiscal Officer, Perry Township, Fayette County, 11 Zimmerman Road, Washington Court House, Ohio, 43160.

PERRY TOWNSHIP, FAYETTE COUNTY

Statement of Net Assets

December 31, 2008

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$497,397</u>
<i>Total Assets</i>	<u>497,397</u>
<u>Net Assets:</u>	
<i>Restricted for:</i>	
Other Purposes	360,843
<i>Permanent Fund Purpose:</i>	
Nonexpendable	3,796
Unrestricted	<u>132,758</u>
	<u>\$497,397</u>

See accompanying notes to the basic financial statements.

PERRY TOWNSHIP, FAYETTE COUNTY

Statement of Activities

For the Year Ended December 31, 2008

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>				
General Government	\$64,894	\$0	\$0	(\$64,894)
Public Safety	19,916	0	0	(19,916)
Public Works	75,659	10,169	89,722	24,232
Other	0	920	0	920
<i>Total Governmental Activities</i>	\$160,469	\$11,089	\$89,722	(59,658)
<u>General Receipts:</u>				
Property Taxes				63,803
Grants and Entitlements not Restricted to Specific Programs				113,003
Earnings on Investments				10,316
Miscellaneous				19
<i>Total General Receipts</i>				187,141
Change in Net Assets				127,483
<i>Net Assets at Beginning of Year</i>				369,914
<i>Net Assets at End of Year</i>				\$497,397

See accompanying notes to the basic financial statements.

PERRY TOWNSHIP, FAYETTE COUNTY

*Balance Sheet
Governmental Funds
December 31, 2008*

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$132,757	\$271,200	\$35,138	\$58,302	\$497,397
<i>Total Assets</i>	<u>\$132,757</u>	<u>\$271,200</u>	<u>\$35,138</u>	<u>\$58,302</u>	<u>\$497,397</u>
<u>Fund Balances:</u>					
<i>Unreserved:</i>					
General Fund	\$132,757	\$0	\$0	\$0	\$132,757
Special Revenue Funds	0	271,200	35,138	54,506	360,844
Permanent Funds	0	0	0	3,796	3,796
<i>Total Fund Balances</i>	<u>\$132,757</u>	<u>\$271,200</u>	<u>\$35,138</u>	<u>\$58,302</u>	<u>\$497,397</u>

See accompanying notes to the basic financial statements.

PERRY TOWNSHIP, FAYETTE COUNTY
Statement of Receipts, Disbursements and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>					
Property Taxes and Other Local Taxes	\$18,637	\$0	\$18,637	\$26,583	\$63,857
Intergovernmental	115,634	89,722	2,631	4,853	212,840
Earnings on Investments	4,205	4,717	0	1,394	10,316
Miscellaneous	939	0	0	0	939
<i>Total Receipts</i>	<u>139,415</u>	<u>94,439</u>	<u>21,268</u>	<u>32,830</u>	<u>287,952</u>
<u>Disbursements:</u>					
<i>Current:</i>					
General Government	64,894	0	0	0	64,894
Public Safety	2,291	0	123	17,502	19,916
Public Works	0	39,379	27,462	8,818	75,659
<i>Total Disbursements</i>	<u>67,185</u>	<u>39,379</u>	<u>27,585</u>	<u>26,320</u>	<u>160,469</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	72,230	55,060	(6,317)	6,510	127,483
<i>Fund Balances at Beginning of Year</i>	<u>60,527</u>	<u>216,140</u>	<u>41,455</u>	<u>51,792</u>	<u>369,914</u>
<i>Fund Balances at End of Year</i>	<u>\$132,757</u>	<u>\$271,200</u>	<u>\$35,138</u>	<u>\$58,302</u>	<u>\$497,397</u>

See accompanying notes to the basic financial statements.

PERRY TOWNSHIP, FAYETTE COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes and Other Local Taxes	\$14,204	\$14,204	\$18,637	\$4,433
Intergovernmental	15,120	15,120	115,634	100,514
Earnings on Investments	6,000	6,000	4,205	(1,795)
Miscellaneous	1,667	1,667	939	(728)
<i>Total Receipts</i>	<u>36,991</u>	<u>36,991</u>	<u>139,415</u>	<u>102,424</u>
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	92,518	92,518	64,894	27,624
Public Safety	5,000	5,000	2,291	2,709
<i>Total Disbursements</i>	<u>97,518</u>	<u>97,518</u>	<u>67,185</u>	<u>30,333</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(60,527)	(60,527)	72,230	132,757
<i>Fund Balance at Beginning of Year</i>	<u>60,527</u>	<u>60,527</u>	<u>60,527</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$132,757</u>	<u>\$132,757</u>

See accompanying notes to the basic financial statements.

PERRY TOWNSHIP, FAYETTE COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Gasoline Tax Fund
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$85,059	\$85,059	\$89,722	\$4,663
Earnings on Investments	6,500	6,500	4,717	(1,783)
<i>Total Receipts</i>	91,559	91,559	94,439	2,880
<u>Disbursements:</u>				
<i>Current:</i>				
Public Works	307,699	307,699	39,379	268,320
<i>Total Disbursements</i>	307,699	307,699	39,379	268,320
<i>Excess of Receipts Over (Under) Disbursements</i>	(216,140)	(216,140)	55,060	271,200
<i>Fund Balance at Beginning of Year</i>	216,140	216,140	216,140	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$271,200	\$271,200

See accompanying notes to the basic financial statements.

PERRY TOWNSHIP, FAYETTE COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Road and Bridge Fund
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes and Other Local Taxes	\$14,663	\$14,663	\$18,637	\$3,974
Intergovernmental	2,100	2,100	2,631	531
Miscellaneous	312	312	0	(312)
<i>Total Receipts</i>	17,075	17,075	21,268	4,193
<u>Disbursements:</u>				
<i>Current:</i>				
Public Safety	3,000	3,000	123	2,877
Public Works	55,530	55,530	27,462	28,068
<i>Total Disbursements</i>	58,530	58,530	27,585	30,945
<i>Excess of Receipts Over (Under) Disbursements</i>	(41,455)	(41,455)	(6,317)	35,138
<i>Fund Balance at Beginning of Year</i>	41,455	41,455	41,455	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$35,138	\$35,138

See accompanying notes to the basic financial statements.

PERRY TOWNSHIP, FAYETTE COUNTY

Statement of Net Assets

December 31, 2007

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$369,914</u>
<i>Total Assets</i>	<u>369,914</u>
<u>Net Assets:</u>	
<i>Restricted for:</i>	
Other Purposes	305,494
<i>Permanent Fund Purpose:</i>	
Nonexpendable	3,893
Unrestricted	<u>60,527</u>
<i>Total Net Assets</i>	<u>\$369,914</u>

See accompanying notes to the basic financial statements.

PERRY TOWNSHIP, FAYETTE COUNTY

Statement of Activities

For the Year Ended December 31, 2007

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>				
General Government	\$68,184	\$0	\$0	(\$68,184)
Public Safety	17,821	0	0	(17,821)
Public Works	90,520	10,430	91,559	11,469
Other	0	800	0	800
<i>Total Governmental Activities</i>	<u>\$176,525</u>	<u>\$11,230</u>	<u>\$91,559</u>	<u>(73,736)</u>
<u>General Receipts:</u>				
Property Taxes				52,466
Grants and Entitlements not Restricted to Specific Programs				26,888
Earnings on Investments				13,505
Miscellaneous				2,021
<i>Total General Receipts</i>				<u>94,880</u>
Change in Net Assets				21,144
<i>Net Assets at Beginning of Year, As Restated</i>				<u>348,770</u>
<i>Net Assets at End of Year</i>				<u><u>\$369,914</u></u>

See accompanying notes to the basic financial statements.

PERRY TOWNSHIP, FAYETTE COUNTY

*Balance Sheet
Governmental Funds
December 31, 2007*

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	<u>\$60,527</u>	<u>\$216,140</u>	<u>\$41,455</u>	<u>\$51,792</u>	<u>\$369,914</u>
<i>Total Assets</i>	<u><u>\$60,527</u></u>	<u><u>\$216,140</u></u>	<u><u>\$41,455</u></u>	<u><u>\$51,792</u></u>	<u><u>\$369,914</u></u>
<u>Fund Balances:</u>					
<i>Unreserved:</i>					
General Fund	\$60,527	\$0	\$0	\$0	\$60,527
Special Revenue Funds	0	216,140	41,455	47,899	305,494
Permanent Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,893</u>	<u>3,893</u>
<i>Total Fund Balances</i>	<u><u>\$60,527</u></u>	<u><u>\$216,140</u></u>	<u><u>\$41,455</u></u>	<u><u>\$51,792</u></u>	<u><u>\$369,914</u></u>

See accompanying notes to the basic financial statements.

PERRY TOWNSHIP, FAYETTE COUNTY
Statement of Receipts, Disbursements and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>					
Property Taxes and Other Local Taxes	\$19,228	\$0	\$18,061	\$17,724	\$55,013
Intergovernmental	28,934	91,559	2,046	3,792	126,331
Earnings on Investments	5,119	6,460	0	1,926	13,505
Miscellaneous	2,820	0	0	0	2,820
<i>Total Receipts</i>	<u>56,101</u>	<u>98,019</u>	<u>20,107</u>	<u>23,442</u>	<u>197,669</u>
<u>Disbursements:</u>					
<i>Current:</i>					
General Government	68,184	0	0	0	68,184
Public Safety	4,084	0	0	13,737	17,821
Public Works	0	70,769	4,449	15,302	90,520
<i>Total Disbursements</i>	<u>72,268</u>	<u>70,769</u>	<u>4,449</u>	<u>29,039</u>	<u>176,525</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(16,167)	27,250	15,658	(5,597)	21,144
<i>Fund Balances at Beginning of Year</i>	<u>76,694</u>	<u>188,890</u>	<u>25,797</u>	<u>57,389</u>	<u>348,770</u>
<i>Fund Balances at End of Year</i>	<u><u>\$60,527</u></u>	<u><u>\$216,140</u></u>	<u><u>\$41,455</u></u>	<u><u>\$51,792</u></u>	<u><u>\$369,914</u></u>

See accompanying notes to the basic financial statements.

PERRY TOWNSHIP, FAYETTE COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes and Other Local Taxes	\$17,970	\$17,970	\$19,228	\$1,258
Intergovernmental	49,500	49,500	28,934	(20,566)
Earnings on Investments	8,000	8,000	5,119	(2,881)
Miscellaneous	33,000	33,000	2,820	(30,180)
<i>Total Receipts</i>	108,470	108,470	56,101	(52,369)
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	180,162	180,162	68,184	111,978
Public Safety	5,000	5,000	4,084	916
<i>Total Disbursements</i>	185,162	185,162	72,268	112,894
<i>Excess of Receipts Over (Under) Disbursements</i>	(76,692)	(76,692)	(16,167)	60,525
<i>Fund Balance at Beginning of Year</i>	76,694	76,694	76,694	0
<i>Fund Balance at End of Year</i>	\$2	\$2	\$60,527	\$60,525

See accompanying notes to the basic financial statements.

PERRY TOWNSHIP, FAYETTE COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Gasoline Tax Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$86,000	\$86,000	\$91,559	\$5,559
Earnings on Investments	4,000	4,000	6,460	2,460
<i>Total Receipts</i>	90,000	90,000	98,019	8,019
<u>Disbursements:</u>				
<i>Current:</i>				
Public Works	278,455	278,455	70,769	207,686
<i>Total Disbursements</i>	278,455	278,455	70,769	207,686
<i>Excess of Receipts Over (Under) Disbursements</i>	(188,455)	(188,455)	27,250	215,705
<i>Fund Balance at Beginning of Year</i>	188,890	188,890	188,890	0
<i>Fund Balance at End of Year</i>	\$435	\$435	\$216,140	\$215,705

See accompanying notes to the basic financial statements.

PERRY TOWNSHIP, FAYETTE COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Road and Bridge Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes and Other Local Taxes	\$17,970	\$17,970	\$18,061	\$91
Intergovernmental	2,000	2,000	2,046	46
<i>Total Receipts</i>	19,970	19,970	20,107	137
<u>Disbursements:</u>				
<i>Current:</i>				
Public Safety	1,000	1,000	0	1,000
Public Works	42,600	42,600	4,449	38,151
<i>Total Disbursements</i>	43,600	43,600	4,449	39,151
<i>Excess of Receipts Over (Under) Disbursements</i>	(23,630)	(23,630)	15,658	39,288
<i>Fund Balance at Beginning of Year</i>	25,797	25,797	25,797	0
<i>Fund Balance at End of Year</i>	\$2,167	\$2,167	\$41,455	\$39,288

See accompanying notes to the basic financial statements.

Perry Township, Fayette County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 1 – Reporting Entity

The Perry Township, Fayette County, Ohio (the Township), is a body politic and corporate established in 1880 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.

A. Primary Government

The Township provides general government services, maintenance of Township roads and bridges, maintenance of cemeteries and fire and emergency protection. The Fayette County Sheriff's Department provides the Township with protection at no cost to the Township.

B. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in one public entity risk pool, Ohio Township Association Risk Management Authority (OTARMA).

OTARMA, in existence since 1987, provides a group self-insurance program that spreads the cost of claims and related expenses among its members. It has an AAA rating from Demotech, an independent rating service, based on financial stability, loss reserves, administration, and overall performance of OTARMA.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements 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 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 more significant of the Township's accounting policies.

A. Basis of Presentation

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

Perry Township, Fayette County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

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. 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 nonexchange transactions. The Township has no business-type activities.

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Governmental funds focus on the source, uses and balances of the current financial statement.

Perry Township, Fayette County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 2 – Summary of Significant Accounting Policies (Continued)

The following are the Township's major governmental funds:

General Fund – This 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 purposes provided it is expended or transferred in accordance to the general laws of Ohio.

Gasoline Tax Fund – This fund is comprised of taxes on the sale of gasoline which is distributed to the Township based upon road mileage determined by the state. The Township uses the Gasoline Tax Fund for the repair and maintenance of Township roads.

Road and Bridge Fund – This fund is comprised of property taxes designated for the repair and maintenance of Township roads and bridges. The Township uses the Road and Bridge Fund for the repair and maintenance of Township roads.

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

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 Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

D. Budgetary Process

All 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 Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

Perry Township, Fayette County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 2 – Summary of Significant Accounting Policies (Continued)

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

E. Cash and Investments

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

During 2008 and 2007, the Township invested in nonnegotiable certificates of deposit, and a money market mutual fund. The nonnegotiable certificate of deposit is reported at cost. The Township’s money market mutual fund investment is recorded at the amount reported by the financial institution on December 31.

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 2008 was \$4,205. The interest receipts credited to the General Fund during 2007 was \$5,119.

F. Inventory and Prepaid Items

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

H. Capital Assets

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

I. 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. 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 for postretirement health care benefits.

K. Fund Balance Reserves

The Township has no fund balance reserves.

Perry Township, Fayette County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 2 – Summary of Significant Accounting Policies (Continued)

L. 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 and as non-operating receipts/disbursements in proprietary 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 – Prior Period Adjustment and Change in Basis of Accounting and Restatement of Fund Equity

A. Prior Period Adjustment

During fiscal year 2007, the Township decided to reclassify the Permanent Cemetery Trust and Zimmerman Trust private purpose trust funds due to the funds meeting the definition of a permanent fund.

	Permanent Cemetery Trust	Zimmerman Trust	Private Purpose Trust Funds	Governmental Activities
Fund Balance/Net Assets at June 30, 2006	\$552	\$3,158	\$3,710	\$345,060
Fund Reclassification	(552)	(3,158)	(3,710)	3,710
Adjusted Fund Balance/ Net Assets at June 30, 2006	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$348,770</u>

B. Change in Basis of Accounting and Restatement of Fund Equity

For 2008, the Township has implemented GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the Township.

In 2006, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor’s Office. For 2007, the Township has implemented GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments,” GASB Statement No. 37, “Basic Financial Statements for State and Local Governments: Omnibus,” GASB Statement No. 38, “Certain Financial Statement Note Disclosures,” GASB Statement No. 40, “Deposit and Investment Risk Disclosures.” The implementation of GASB Statement No. 40 had some effect on the disclosure requirements, however, there was no effect on the prior period fund balances of the Township. The fund financial statements now present 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.

The transition from the regulatory basis of accounting to the cash basis of accounting generated no changes to the Township’s financial statements for 2007.

Perry Township, Fayette County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund and Road and Bridge Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There are no differences between the budgetary basis and the cash basis.

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 public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

Perry Township, Fayette County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 5 – Deposits and Investments (Continued)

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Township's deposits is provided by Federal Deposit Insurance Corporation (FDIC) and by a collateral pool established 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.

At year end, the Township had no undeposited cash on hand.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township's deposits may not be returned. All deposits are collateralized with eligible securities in amount equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institutions collateral pools at the Federal Reserve Bank, or at member banks of the federal reserve system, in the name of the respective depository bank and pledges as pool of collateral against all of the public deposits in holds or as specific collateral held at the Federal Reserve Bank in the name of the Township.

At December 31, 2008, the carrying amount of all Township deposits was \$497,397. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2008, \$250,000 was covered by the Federal Deposit Insurance. In October 2008, Congress enacted temporary legislation to increase the FDIC insurance coverage from \$100,000 to \$250,000 until December 2009. The \$247,397 exposed to custodial risk was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

At December 31, 2007, the carrying amount of all Township deposits was \$369,914. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2007, \$269,914 of the Township bank balance of \$369,914 was exposed to custodial risk is discussed above while \$100,000 was covered by Federal Deposit Insurance. The \$269,914 exposed to custodial risk was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

Perry Township, Fayette County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 5 – Deposits and Investments (Continued)

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

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U. S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

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 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2006, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property is being phased out. For 2007, tangible personal property tax was assessed at 12.50 percent for property, including inventory. This percentage was reduced to 6.25 percent for 2008 and will be reduced to zero for 2009. 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.

Perry Township, Fayette County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 6 – Property Taxes – (Continued)

The full tax rate for all Township operations for the year ended December 31, 2008 was \$53.20 for Miami Trace and \$41.85 for Greenfield per \$1,000 of assessed value, and December 31, 2007 was \$50.40 for Miami Trace and \$41.85 for Greenfield per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 and 2007 property tax receipts were based are as follows:

	2008	2007
Real Property		
Residential/Agricultural	\$13,093,210	\$13,052,060
Personal Property	174,840	174,840
Public Utility	179,170	476,950
Total Assessed Value	\$13,447,220	\$13,703,850

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. During 2008 and 2007, the Township contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage	
		2008	2007
Ohio Twp. Assoc. Risk Management Authority	Commercial Property	\$ 161,100	\$161,100
	General Liability	1,000,000	1,000,000
	Errors and Omissions	1,000,000	1,000,000
	Vehicle	154,000	154,000
	Public Officials	85,000	85,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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

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

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

Perry Township, Fayette County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 7 – Risk Management – (Continued)

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount no to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

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

Property Coverage

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

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. 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 value. 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 township.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

<u>Coverage</u>	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	(13,357,837)	(12,120,661)
Retained Earnings	<u>\$29,852,866</u>	<u>\$29,921,614</u>

Perry Township, Fayette County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 7 – Risk Management (Continued)

At December 31, 2007 and 2006, respectively, casualty coverage liabilities noted 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 payments. The Township's share of these unpaid claims collectible in future years is approximately \$7,704. This payable includes the subsequent year's contributions due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA the expected rates charged by OTARMA 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 liability for each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Townships contributions to OTARMA for the past three years are as follows:

<u>Year</u>	<u>Contribution</u>
2008	\$3,945
2007	3,852
2006	5,192

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notices to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

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

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

Perry Township, Fayette County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 8 – Defined Benefit Pension Plan – (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2008, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2008 was 14.0 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

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

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$5,762, \$5,544, and \$5,004 respectively. The full amount has been contributed for 2008, 2007 and 2006.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 local government employer contribution rate was 13.77 percent of covered payroll; 5.0 and 6.0 percent of covered payroll was the portion that was used to fund health care from January 1 through June 30 and July 1 through December 31, respectively.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006 include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .5 and 6.30 percent annually for the next eight years and 4.00 percent annually after eight years.

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

Perry Township, Fayette County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 9 - Postemployment Benefits – (Continued)

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$6,786. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

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

Independent Accountant's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards

Board of Trustees
Perry Township, Fayette County
11 Zimmerman Road
Washington Court House, OH 43160

We have audited the accompanying financial statements of Perry Township, Fayette County, Ohio (the Township) , as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated March 20, 2009, which we noted the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; GASB Statement No. 40, *Deposit and Investment Risk Disclosures*; and GASB Statement No. 50, *Pension Disclosures*. As discussed in Note 2, the Township followed the cash basis of accounting, which is a comprehensive basis other 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control over Financial Reporting

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

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

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.

Board of Trustees
Perry Township, Fayette County
Independent Accountant's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Required by
Government Auditing Standards

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain additional matters that we have reported to management of the Township in a separate letter dated March 20, 2009.

The Township's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

March 20, 2009

PERRY TOWNSHIP, FAYETTE COUNTY
Schedule of Findings
For the Years Ended December 31, 2008 and 2007

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

Finding Number 2008-001

Financial Record Keeping - Significant Deficiency

Ohio Administrative Code (OAC) Section 117-2-02(A) directs all public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, and analyze, classify, record, and report its transactions, maintain accountability for the related assets, and prepare financial statements required by Rule 117-2-03 of the OAC.

Although the Township utilizes the Uniform Accounting Network (UAN) System developed and monitored by the Auditor of State, two funds were incorrectly classified. This did not allow the Fiscal Officer to accurately reflect the transactions of the Township.

The fact that the errors resulting in reclassification entries occurred, indicates a significant deficiency in the internal controls over financial record keeping and reporting and resulted in the inaccurate reflection.

We recommend the Fiscal Officer review the requirements of OAC Section 117-2-02 and the description of the funds in the UAN System and maintain the funds in the manner prescribed therein.

Officials' Response

We did not receive a response from the Officials of the Township to this finding.

PERRY TOWNSHIP, FAYETTE COUNTY
Schedule of Prior Audit Findings
For the Year Ended December 31, 2008 and 2007

Description	Status	Comments
<i>Government Auditing Standards:</i>		
1. ORC 5705.41(D) - Subdivision shall not expend money from any fund unless the Fiscal Officer has attached a certificate that unencumbered funds are available to meet that obligation.	Corrected	N/A
2. ORC 5705.10(D) - Subdivision shall not post monies into any fund for any purpose other than that for which the fund was established.	Corrected	N/A



Mary Taylor, CPA
Auditor of State

PERRY TOWNSHIP

FAYETTE 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