



OHIO AUDITOR OF STATE
KEITH FABER



**PERRY TOWNSHIP
STARK COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Perry Township
Stark County
3111 Hilton Street NW
Massillon, Ohio 44645

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Perry Township, Stark County, Ohio (the Township) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Perry Township, Stark County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of a Matter

As discussed in 2019 - Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 11, 2020

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Perry Township
Stark County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 54,751	\$ 7,212,179	\$ 0	\$ 7,266,930
Charges for Services	8,235	677,709	0	685,944
Licenses, Permits and Fees	436,453	0	0	436,453
Fines and Forfeitures	6,076	2,570	0	8,646
Intergovernmental	284,666	2,066,321	0	2,350,987
Special Assessments	16,142	15,337	0	31,479
Earnings on Investments	78,296	2,294	0	80,590
Miscellaneous	108,402	346,548	0	454,950
<i>Total Cash Receipts</i>	<u>993,021</u>	<u>10,322,958</u>	<u>0</u>	<u>11,315,979</u>
Cash Disbursements				
Current:				
General Government	856,066	0	0	856,066
Public Safety	9,056	7,023,358	0	7,032,414
Public Works	0	2,110,618	196,992	2,307,610
Conservation-Recreation	161,866	0	0	161,866
Other	0	3,432	0	3,432
Debt Service:				
Principal Retirement	0	29,032	0	29,032
<i>Total Cash Disbursements</i>	<u>1,026,988</u>	<u>9,166,440</u>	<u>196,992</u>	<u>10,390,420</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(33,967)</u>	<u>1,156,518</u>	<u>(196,992)</u>	<u>925,559</u>
Other Financing Receipts (Disbursements)				
Proceeds from OPWC Debt Issuance	0	0	196,992	196,992
Advances In	400,000	400,000	0	800,000
Advances Out	(400,000)	(400,000)	0	(800,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>196,992</u>	<u>196,992</u>
<i>Net Change in Fund Cash Balances</i>	(33,967)	1,156,518	0	1,122,551
<i>Fund Cash Balances, January 1</i>	<u>1,035,945</u>	<u>1,980,178</u>	<u>0</u>	<u>3,016,123</u>
Fund Cash Balances, December 31				
Restricted	0	3,136,696	0	3,136,696
Assigned	1,001,978	0	0	1,001,978
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,001,978</u>	<u>\$ 3,136,696</u>	<u>\$ 0</u>	<u>\$ 4,138,674</u>

See accompanying notes to the basic financial statements.

Perry Township
Stark County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2019

	Internal Service
Operating Cash Receipts	
Charges for Services	\$ 60,000
<i>Total Operating Cash Receipts</i>	<u>60,000</u>
Operating Cash Disbursements	
Purchased Services	6,394
Claims	<u>55,721</u>
<i>Total Operating Cash Disbursements</i>	<u>62,115</u>
<i>Net Change in Fund Cash Balances</i>	(2,115)
<i>Fund Cash Balances, January 1</i>	<u>2,115</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements.

Perry Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 1 - REPORTING ENTITY

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

Joint Ventures and Public Entity Risk Pool

The Township participates in joint ventures and a public entity risk pool. Notes 12 and 13 to the financial statements provide additional information for these entities.

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

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for proprietary fund type which are organized on a fund type basis.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Deposits and Investments

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Perry Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund

The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Police District Fund – This fund receives property tax money and grant money for the purpose of funding the Township’s Police department.

Fire District Fund – This fund receives property tax money and money for emergency services for the purpose of funding the Township’s fire and emergency management departments.

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

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

OPWC Fund – This fund accounts for and reports Ohio Public Works Commission (OPWC) grant and loan monies restricted for the purpose of improving Township infrastructure.

Internal Service Fund

This fund accounts for services provided by one department to other departments of the government unit. The Township had the following Internal Service Fund:

Self-funded Insurance Medical Fund – This fund receives insurance premium payments from other funds to pay medical claims of employees enrolled in the Dental and Vision plans.

Budgetary Process

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

Perry Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and re-appropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Non-spendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Perry Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Capital Assets

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

Accumulated Leave

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

Implementation of New Accounting Principles

For the year ended December 31, 2019, the Township has to the extent it applies to the cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* and GASB Statement No. 90, *Majority Equity Interests and amendment of GASB Statements No. 14 and No. 61*.

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the Township.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. The implementation of GASB Statement No. 84 did not have an effect on the financial statements of the Township.

GASB Statement No. 88 establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. These changes were incorporated in the Township's 2019 financial statements; however, there was no effect on beginning fund cash balance.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the Township's 2019 financial statements; however, there was no effect on beginning fund cash balance.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the Township.

Perry Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 761,991	\$ 993,021	\$ 231,030
Special Revenue	8,952,013	10,322,958	1,370,945
Capital Projects	196,992	196,992	0
Internal Service	60,000	60,000	0
Total	\$ 9,970,996	\$ 11,572,971	\$ 1,601,975

2019 Budgeted vs. Actual Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,797,936	\$ 1,026,988	\$ 770,948
Special Revenue	10,908,542	9,166,440	1,742,102
Capital Projects	196,992	196,992	0
Internal Service	62,115	62,115	0
Total	\$ 12,965,585	\$ 10,452,535	\$ 2,513,050

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Demand Deposits	\$ 1,255
Money Market (Time & Saving)	4,137,418
Total Deposits	4,138,673
STAR Ohio	1
Total Deposits and Investments	\$ 4,138,674

Deposits:

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS). At December 31, 2019, deposits were not insured or collateralized, contrary to Ohio law.

Investments:

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

Perry Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 5 - PROPERTY TAXES

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

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

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

NOTE 6 - RISK MANAGEMENT

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 is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2019:

Cash and Investments	\$ 35,207,320
Actuarial Liabilities	10,519,942

NOTE 7 - SELF-INSURANCE

The Township is self-insured for employee vision and dental coverage. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on estimated claims costs determined by the Township.

Perry Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 8 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent for non-law enforcement and 13 percent for law enforcement of their gross salaries and the Township contributed an amount equaling 14 percent for non-law enforcement and 18.10 percent for law enforcement of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

The Township's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2019.

Social Security

The Part-Time Fire Fighters, Zoning Board of Appeals and Zoning Board Members of the Township contributed to Social Security. This plan provides retirement benefits, including survivor and disability to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of the participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

NOTE 9 – POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Perry Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 10 - DEBT

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
OPWC	\$ 448,754	0.00%

Amortization

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

	OPWC
Year ending December 31:	
2020	\$ 41,421
2021	41,421
2022	41,420
2023	41,419
2024	41,419
2025-2029	98,135
2030-2034	73,615
2035-2039	69,904
	\$ 448,754

The OPWC loans are for various projects in the Township at 0.00 percent interest.

NOTE 11 - CONTINGENT LIABILITIES

The Township is a defendant in one pending lawsuit. Although, management cannot presently determine the outcome of this suit, management believes the resolution of this matter will not materially adversely affect the Township's financial condition.

NOTE 12 - JOINT VENTURES

Joint Economic Development Districts

The Township participates in the Perry – Village of Navarre Joint Economic Development District (the District) which is a statutorily created political subdivision of the State. The purpose of the District is to facilitate economic development and to preserve jobs and employment opportunities. This joint venture is considered a separate reporting entity by the Township's administration. Accordingly, the joint venture has not been included in these financial statements. Financial statements may be obtained from the Perry-Navarre Joint Economic Development District, 27 West Canal Street, Navarre, Ohio 44662.

Perry Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

The Township participates in the Perry Township – City of Canton Joint Economic Development District (the District) which is a statutorily created political subdivision of the State. The purpose of the District is to facilitate economic development and to preserve jobs and employment opportunities. This joint venture is considered a separate reporting entity by the Township’s administration. Accordingly, the joint venture has not been included in these financial statements. Financial statements may be obtained from the Perry-Canton Joint Economic Development District 1, 424 Market Avenue North, Post Office Box 9970, Canton, Ohio 44711.

Local Organized Governments in Cooperation

The Township participates in the Local Organized Governments in Cooperation (L.O.G.I.C.), a statutorily created political subdivision of the State formed in 1986 under Chapter 167 of the Ohio Revised Code to provide safety dispatching services. L.O.G.I.C. is a joint venture among the following entities: Perry Township, Jackson Township, Village of Beach City, Bethlehem Township, Village of Brewster, City of Canal Fulton, Village of Dalton, Village of Hills and Dales, Lawrence Township, Lexington Township, City of Massillon, Village of Navarre, Village of Waynesburg and the Village of Wilmot, with each participant providing one representative. Each representative has a membership share based on the percentage of contractual financial contributions to the total funding, and each participant is entitled to vote its percentage share. The board has total authority over the operation of L.O.G.I.C., including budgeting, appropriating, contracting, and designating management. Continued existence of L.O.G.I.C. is dependent on the Township's continued participation. L.O.G.I.C. does not provide specific financial benefits or impose specific financial burdens on the Township. During 2019, the Township made contributions of \$364,008, but does not have an equity interest in L.O.G.I.C. Financial statements of L.O.G.I.C. may be obtained from Local Organized Governments in Cooperation, 5735 Wales Avenue NW, Massillon, Ohio, 44646.

NOTE 13 - PUBLIC ENTITY RISK POOL

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool. For more information on OTARMA, see Note 6.

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Perry Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 14 – FUND BALANCE

Fund balance can be classified as nonspendable, restricted, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the governmental funds are presented as follows:

	General	Special Revenue	Total
Restricted for:			
Police District	\$ 0	\$ 258,075	\$ 258,075
Fire District	0	1,738,708	1,738,708
Road District	0	576,729	576,729
Other Purpose	0	563,184	563,184
Total Restricted	0	3,136,696	3,136,696
Assigned for:			
Subsequent Year Appropriations	1,001,978	0	1,001,978
Total Fund Balance	\$ 1,001,978	\$ 3,136,696	\$ 4,138,674

NOTE 15 – SUBSEQUENT EVENT

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. In addition, the impact on the Township’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. As of November 2020, the Township has received approximately \$1,500,000 in CARES Act money.

Perry Township
Stark County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 46,995	\$ 6,810,218	\$ 182,013	\$ 0	\$ 7,039,226
Charges for Services	8,963	970,104	0	0	979,067
Licenses, Permits and Fees	461,328	0	0	0	461,328
Fines and Forfeitures	9,237	3,848	0	0	13,085
Intergovernmental	275,782	1,118,449	0	465,745	1,859,976
Special Assessments	9,150	17,353	0	0	26,503
Earnings on Investments	41,349	2,544	0	0	43,893
Miscellaneous	104,407	354,398	0	0	458,805
<i>Total Cash Receipts</i>	<u>957,211</u>	<u>9,276,914</u>	<u>182,013</u>	<u>465,745</u>	<u>10,881,883</u>
Cash Disbursements					
Current:					
General Government	978,054	0	0	0	978,054
Public Safety	8,713	6,406,130	0	0	6,414,843
Public Works	0	2,333,531	0	552,176	2,885,707
Conservation-Recreation	90,573	0	0	0	90,573
Other	0	5,121	0	0	5,121
Debt Service:					
Principal Retirement	0	27,249	180,000	0	207,249
Interest and Fiscal Charges	0	0	2,013	0	2,013
<i>Total Cash Disbursements</i>	<u>1,077,340</u>	<u>8,772,031</u>	<u>182,013</u>	<u>552,176</u>	<u>10,583,560</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(120,129)</u>	<u>504,883</u>	<u>0</u>	<u>(86,431)</u>	<u>298,323</u>
Other Financing Receipts (Disbursements)					
Proceeds from OPWC Debt Issuance	0	0	0	86,431	86,431
Advances In	400,000	400,000	0	0	800,000
Advances Out	(400,000)	(400,000)	0	0	(800,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>86,431</u>	<u>86,431</u>
<i>Net Change in Fund Cash Balances</i>	<u>(120,129)</u>	<u>504,883</u>	<u>0</u>	<u>0</u>	<u>384,754</u>
<i>Fund Cash Balances, January 1</i>	<u>1,156,074</u>	<u>1,475,295</u>	<u>0</u>	<u>0</u>	<u>2,631,369</u>
Fund Cash Balances, December 31					
Restricted	0	1,980,178	0	0	1,980,178
Assigned	1,035,945	0	0	0	1,035,945
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,035,945</u>	<u>\$ 1,980,178</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,016,123</u>

See accompanying notes to the basic financial statements.

Perry Township
Stark County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2018

	Internal Service
Operating Cash Receipts	
Charges for Services	\$ 60,000
<i>Total Operating Cash Receipts</i>	<u>60,000</u>
Operating Cash Disbursements	
Purchased Services	7,113
Claims	<u>53,396</u>
<i>Total Operating Cash Disbursements</i>	<u>60,509</u>
<i>Net Change in Fund Cash Balances</i>	(509)
<i>Fund Cash Balances, January 1</i>	<u>2,624</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 2,115</u></u>

See accompanying notes to the basic financial statements.

Perry Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

NOTE 1 - REPORTING ENTITY

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

Joint Ventures and Public Entity Risk Pool

The Township participates in joint ventures and a public entity risk pool. Notes 12 and 13 to the financial statements provide additional information for these entities.

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

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for proprietary fund type which are organized on a fund type basis.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Deposits and Investments

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Perry Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund

The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Police District Fund – This fund receives property tax money and grant money for the purpose of funding the Township’s Police department.

Fire District Fund – This fund receives property tax money and money for emergency services for the purpose of funding the Township’s fire and emergency management departments.

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

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Road Note Retirement Fund – This fund receives property tax revenue to pay the Tax Anticipation Note which was issued by the Township during fiscal year 2015. This note matured in May, 2018.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

OPWC Fund – This fund accounts for and reports Ohio Public Works Commission (OPWC) grant and loan monies restricted for the purpose of improving Township infrastructure.

Internal Service Fund

This fund accounts for services provided by one department to other departments of the government unit. The Township had the following Internal Service Fund:

Perry Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Self-funded Insurance Medical Fund – This fund receives insurance premium payments from other funds to pay medical claims of employees enrolled in the Dental and Vision plans.

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and re-appropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Non-spendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Perry Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Capital Assets

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

Accumulated Leave

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

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 722,538	\$ 957,211	\$ 234,673
Special Revenue	9,075,025	9,276,914	201,889
Debt Service	182,025	182,013	(12)
Capital Projects	552,176	552,176	0
Internal Service	60,000	60,000	0
Total	\$ 10,591,764	\$ 11,028,314	\$ 436,550

2018 Budgeted vs. Actual Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,926,434	\$ 1,077,340	\$ 849,094
Special Revenue	9,972,488	8,772,031	1,200,457
Debt Service	182,025	182,013	12
Capital Projects	552,176	552,176	0
Internal Service	62,622	60,509	2,113
Total	\$ 12,695,745	\$ 10,644,069	\$ 2,051,676

Perry Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Demand Deposits	\$ 10,044
Money Market (Time & Saving)	<u>3,008,193</u>
Total Deposits	3,018,237
STAR Ohio	<u>1</u>
Total Deposits and Investments	<u><u>\$ 3,018,238</u></u>

Deposits:

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS). At December 31, 2018, all deposits were not insured or collateralized, contrary to Ohio law.

Investments:

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

NOTE 5 - PROPERTY TAXES

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

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

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

NOTE 6 - RISK MANAGEMENT

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

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

Perry Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2018:

Cash and Investments	\$ 33,097,416
Actuarial Liabilities	7,874,610

NOTE 7 - SELF-INSURANCE

The Township is self-insured for employee vision and dental coverage. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on estimated claims costs determined by the Township.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent for non-law enforcement and 13 percent for law enforcement of their gross salaries and the Township contributed an amount equaling 14 percent for non-law enforcement and 18.10 percent for law enforcement of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement System

The Township's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2018.

Perry Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Social Security

The Part-Time Fire Fighters, Zoning Board of Appeals and Zoning Board Members of the Township contributed to Social Security. This plan provides retirement benefits, including survivor and disability to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of the participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

NOTE 9 – POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

NOTE 10 - DEBT

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
OPWC	\$ 280,794	0.00%

Amortization

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

	OPWC
Year ending December 31:	
2019	\$ 29,032
2020	41,421
2021	35,373
2022	30,812
2023	30,811
2024-2028	71,790
2029-2033	20,576
2034-2038	19,197
2039	1,782
	\$ 280,794

Perry Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

With respect to the Tax Anticipation note, which was issued during 2015, the Township irrevocably pledged the proceeds of 1.00 Mil Road Improvement Levy, as approved by electors on May 6, 2014, for repayment of the principal and interest of the issued note. The Road Bond matured in 2018 with a principal payment of \$180,000.

The OPWC loans are for various projects in the Township at 0.00 percent interest.

NOTE 11 - CONTINGENT LIABILITIES

The Township is a defendant in one pending lawsuit. Although, management cannot presently determine the outcome of this suit, management believes the resolution of this matter will not materially adversely affect the Township's financial condition.

NOTE 12 - JOINT VENTURES

Joint Economic Development Districts

The Township participates in the Perry – Village of Navarre Joint Economic Development District (the District) which is a statutorily created political subdivision of the State. The purpose of the District is to facilitate economic development and to preserve jobs and employment opportunities. This joint venture is considered a separate reporting entity by the Township's administration. Accordingly, the joint venture has not been included in these financial statements. Financial statements may be obtained from the Perry-Navarre Joint Economic Development District, 27 West Canal Street, Navarre, Ohio 44662.

The Township participates in the Perry Township – City of Canton Joint Economic Development District (the District) which is a statutorily created political subdivision of the State. The purpose of the District is to facilitate economic development and to preserve jobs and employment opportunities. This joint venture is considered a separate reporting entity by the Township's administration. Accordingly, the joint venture has not been included in these financial statements. Financial statements may be obtained from the Perry-Canton Joint Economic Development District 1, 424 Market Avenue North, Post Office Box 9970, Canton, Ohio 44711.

Local Organized Governments in Cooperation

The Township participates in the Local Organized Governments in Cooperation (L.O.G.I.C.), a statutorily created political subdivision of the State formed in 1986 under Chapter 167 of the Ohio Revised Code to provide safety dispatching services. L.O.G.I.C. is a joint venture among the following entities: Perry Township, Jackson Township, Village of Beach City, Bethlehem Township, Village of Brewster, City of Canal Fulton, Village of Dalton, Village of Hills and Dales, Lawrence Township, Lexington Township, City of Massillon, Village of Navarre, Village of Waynesburg and the Village of Wilmot, with each participant providing one representative. Each representative has a membership share based on the percentage of contractual financial contributions to the total funding, and each participant is entitled to vote its percentage share. The board has total authority over the operation of L.O.G.I.C., including budgeting, appropriating, contracting, and designating management. Continued existence of L.O.G.I.C. is dependent on the Township's continued participation. L.O.G.I.C. does not provide specific financial

Perry Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

benefits or impose specific financial burdens on the Township. During 2018, the Township made contributions of \$365,544, but does not have an equity interest in L.O.G.I.C. Financial statements of L.O.G.I.C. may be obtained from Local Organized Governments in Cooperation, 5735 Wales Avenue NW, Massillon, Ohio, 44646.

NOTE 13 - PUBLIC ENTITY RISK POOL

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool. For more information on OTARMA, see Note 6.

NOTE 14 – FUND BALANCE

Fund balance can be classified as nonspendable, restricted, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the governmental funds are presented as follows:

	General	Special Revenue	Total
Restricted for:			
Police District	\$ 0	\$ 132,067	\$ 132,067
Fire District	0	1,229,047	1,229,047
Road District	0	267,056	267,056
Other Purpose	0	352,008	352,008
Total Restricted	0	1,980,178	1,980,178
Assigned for:			
Subsequent Year Appropriations	1,035,945	0	1,035,945
Total Fund Balance	\$ 1,035,945	\$ 1,980,178	\$ 3,016,123

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OHIO AUDITOR OF STATE KEITH FABER



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EastRegion@ohioauditor.gov

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

Perry Township
Stark County
3111 Hilton Street NW
Massillon, Ohio 44645

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Perry Township, Stark County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated December 11, 2020, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures that may impact subsequent periods of the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-001.

Township's Response to Finding

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Township's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 11, 2020

**PERRY TOWNSHIP
STARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-001

Material Noncompliance Finding For Recovery - EMS Billing Invoices and Unbilled EMS Runs

During 2012 - 2017, the Township outsourced the emergency medical services (EMS) services by entering into a contract with C&C Medical Billing, a third-party emergency medical billing service organization, to bill for services related to EMS provided by the Township. C&C Medical Billing invoiced the Township monthly for the EMS billing services related to the EMS runs provided by the Township.

C&C Medical Billing invoiced the Township for 11,521 billed EMS runs from 2012 - 2017; however, C&C Medical Billing only billed 6,856 of those EMS runs. The overcharges in runs resulted in the Township overpaying C&C Medical Billing a total of \$87,773 due to the Fire Department not receiving detailed invoices from the C&C Medical Billing to support the EMS runs processed by C&C Medical Billing and the EMS billing invoices to help ensure the Township pays the proper amount for EMS billing services provided.

In addition, out of the Township's 2,327 billable EMS runs from January 1, 2016 to January 31, 2017, C&C Medical Billing did not bill 2,250 runs (or 96.69%) within the one-year processing deadline. This resulted in \$1,030,338 not being billed or collected for billable EMS runs in 2016 and 2017.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued in the amount of \$87,773 and a Finding for Recovery for public money due but has not been collected is hereby issued in the amount of \$1,030,338 against Cynthia Abbott, C&C Medical Billing Owner, and in favor of the Perry Township Special Revenue Fire District Fund totaling \$1,118,111.

Official's Response: The Former Fiscal Officer and the Fire Chief met to discuss this situation in November, 2017. As a result, the township took action then to terminate the relationship with the person/entity and contracted with Life Force billing to both assume the billing function and also attempt to recover payments for what should have been billed, but was not. Life Force has continued from January, 2018 to present.

In addition, since I have taken office as Fiscal Officer, it is my standard practice to provide to the board of trustees a monthly status report which shows to them the ongoing balance in the account where EMS receipts are deposited to verify the expected level of revenue is present. The board receives this information at a public meeting and passes a resolution accepting this with the monthly bank reconciliation.

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BOARD OF TRUSTEES

Ralph DeChiara, Jr.
Douglas M. Haines
Dr. Michael Shreffler

FISCAL OFFICER
Craig Chessler

Charles D. Hall Law Director	Michael T. Pomesky Police Chief	Mark L. Martin Fire Chief
Timothy E. Cugini Zoning Inspector	Joyce E. Fetzer Administrator	John R. Masalko Road & Park Superintendent

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Lack of Emergency Medical Service Billing Service Organizational Controls	Fully Corrected	The Township entered into a contract with a third-party administrator effective November 22, 2017 to process the Township emergency medical billings.
2017-002	Various adjustments to the Financial Statements including advances, Fund-Balance Classifications, Self-Insurance Receipts and Disbursements, and Property Taxes, as well as Footnote Disclosures.	Partially Corrected	The Township has corrected the Fund-Balance Classifications and Footnote Disclosures. The other findings were not corrected by the former Fiscal Office staff. The new Fiscal Office staff will review and implement Auditor of State recommendations for future reporting periods.

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OHIO AUDITOR OF STATE KEITH FABER



PERRY TOWNSHIP

STARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/31/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov