



**Auditor of State  
Betty Montgomery**



**PERRY TOWNSHIP  
LAKE COUNTY**

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**Auditor of State  
Betty Montgomery**

Perry Township  
Lake County  
3740 Center Street, P.O. Box 65  
Perry, Ohio 44081

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

August 19, 2005

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Perry Township  
Lake County  
3740 Center Street, P.O. Box 65  
Perry, Ohio 44081

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Lake County, Ohio, (the Township) as of and for the years ended December 31, 2004 and December 31, 2003. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require Townships to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Perry Township, Lake County, Ohio, as of December 31, 2004 and December 31, 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2005, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

August 19, 2005



**PERRY TOWNSHIP  
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$614,999	\$329,463	\$0	\$944,462
Intergovernmental	761,895	199,367	99,733	1,060,995
Special Assessments	0	42,845	114,011	156,856
Licenses, Permits, and Fees	29,358	0	0	29,358
Fines, Forfeitures, and Penalties	963	0	0	963
Earnings on Investments	36,792	483	0	37,275
Other Revenue	66,264	7,529	89,804	163,597
	<u>1,510,271</u>	<u>579,687</u>	<u>303,548</u>	<u>2,393,506</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	880,431	0	0	880,431
Public Works	160,485	517,946	0	678,431
Health	219,264	0	0	219,264
Human Services	53,320	0	0	53,320
Conservation - Recreation	96,536	0	0	96,536
Miscellaneous	1,150	292	0	1,442
Capital Outlay	0	20,471	406,105	426,576
	<u>1,411,186</u>	<u>538,709</u>	<u>406,105</u>	<u>2,356,000</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	<u>99,085</u>	<u>40,978</u>	<u>(102,557)</u>	<u>37,506</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Proceeds of Bonds	650,000	0	0	650,000
Transfers-In	0	65,000	0	65,000
Transfers-Out	(65,000)	0	0	(65,000)
	<u>585,000</u>	<u>65,000</u>	<u>0</u>	<u>650,000</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	684,085	105,978	(102,557)	687,506
Fund Cash Balances, January 1, 2004	<u>878,839</u>	<u>127,822</u>	<u>2,383,208</u>	<u>3,389,869</u>
<b>Fund Cash Balances, December 31, 2004</b>	<b><u>\$1,562,924</u></b>	<b><u>\$233,800</u></b>	<b><u>\$2,280,651</u></b>	<b><u>\$4,077,375</u></b>
Reserve for Encumbrances, December 31, 2004	<u>\$107,243</u>	<u>\$3,143</u>	<u>\$105,837</u>	<u>\$216,223</u>

*The notes to the financial statements are an integral part of this statement.*

**PERRY TOWNSHIP  
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Fiduciary Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>Non-Expendable Trust</u>	<u>Agency</u>	
Operating cash disbursements:			
Miscellaneous	\$0	\$4,901	\$4,901
Contractual services	149	3,960,070	3,960,219
	<u>149</u>	<u>3,964,971</u>	<u>3,965,120</u>
Total Operating cash disbursements	149	3,964,971	3,965,120
Operating income/(loss)	<u>(149)</u>	<u>(3,964,971)</u>	<u>(3,965,120)</u>
Non-operating cash receipts			
Local taxes	0	2,907,425	2,907,425
Interest	149	0	149
Intergovernmental revenues	0	1,057,546	1,057,546
	<u>149</u>	<u>3,964,971</u>	<u>3,965,120</u>
Total non-operating cash receipts	149	3,964,971	3,965,120
Net receipts over/(under) disbursements	0	0	0
Fund Cash Balances, January 1, 2004	<u>14,225</u>	<u>3</u>	<u>14,228</u>
Fund Cash Balances, December 31, 2004	<u>\$14,225</u>	<u>\$3</u>	<u>\$14,228</u>

*The notes to the financial statements are an integral part of this statement.*

**PERRY TOWNSHIP  
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Local Taxes	\$536,508	\$281,479	\$0	\$817,987
Intergovernmental	829,063	186,340	270,530	1,285,933
Special Assessments	0	9,485	0	9,485
Licenses, Permits, and Fees	33,459	0	0	33,459
Fines, Forfeitures, and Penalties	1,340	0	0	1,340
Earnings on Investments	56,701	1,113	0	57,814
Other Revenue	66,785	914	6,150	73,849
	<b>1,523,856</b>	<b>479,331</b>	<b>276,680</b>	<b>2,279,867</b>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	742,225	77,862	0	820,087
Public Safety	2,247	0	0	2,247
Public Works	110,766	507,888	0	618,654
Health	148,268	0	0	148,268
Human Services	51,428	0	0	51,428
Conservation - Recreation	135,646	0	0	135,646
Miscellaneous	2,631	130	0	2,761
Debt Service:				
Redemption of Principal	6,200	0	0	6,200
Interest and Fiscal Charges	0	0	0	0
Capital Outlay	0	19,406	345,682	365,088
	<b>1,199,411</b>	<b>605,286</b>	<b>345,682</b>	<b>2,150,379</b>
<b>Total Cash Disbursements</b>				
<b>Total Receipts Over/(Under) Disbursements</b>	<b>324,445</b>	<b>(125,955)</b>	<b>(69,002)</b>	<b>129,488</b>
<b>Other Financing Receipts and (Disbursements):</b>				
Advances-In	25,000	75,000	0	100,000
Advances-Out	(75,000)	(25,000)	0	(100,000)
	<b>(50,000)</b>	<b>50,000</b>	<b>0</b>	<b>0</b>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	274,445	(75,955)	(69,002)	129,488
Fund Cash Balances, January 1, 2003	604,394	203,777	2,452,210	3,260,381
<b>Fund Cash Balances, December 31, 2003</b>	<b>\$878,839</b>	<b>\$127,822</b>	<b>\$2,383,208</b>	<b>\$3,389,869</b>
Reserve for Encumbrances, December 31, 2003	<b>\$73,639</b>	<b>\$4,750</b>	<b>\$142,131</b>	<b>\$220,520</b>

*The notes to the financial statements are an integral part of this statement.*

**PERRY TOWNSHIP  
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Non-Expendable Trust</u>	<u>Agency</u>	
Operating cash disbursements:			
Miscellaneous	\$520	\$5,327	\$5,847
Contractual services	0	3,662,932	3,662,932
	<u>520</u>	<u>3,668,259</u>	<u>3,668,779</u>
Total Operating cash disbursements			
	520	3,668,259	3,668,779
Operating income/(loss)	<u>(520)</u>	<u>(3,668,259)</u>	<u>(3,668,779)</u>
Non-operating cash receipts			
Local taxes	0	2,655,797	2,655,797
Intergovernmental revenues	0	1,213,182	1,213,182
Interest	362	0	362
	<u>362</u>	<u>3,868,979</u>	<u>3,869,341</u>
Total non-operating cash receipts			
	362	3,868,979	3,869,341
Non-operating cash disbursements			
Other non-operating cash disbursements	0	201,260	201,260
	<u>0</u>	<u>201,260</u>	<u>201,260</u>
Total non-operating cash disbursements			
	0	201,260	201,260
Net receipts over/(under) disbursements	(158)	(540)	(698)
Fund Cash Balances, January 1, 2003	<u>14,383</u>	<u>543</u>	<u>14,926</u>
Fund Cash Balances, December 31, 2003	<u>\$14,225</u>	<u>\$3</u>	<u>\$14,228</u>

*The notes to the financial statements are an integral part of this statement.*

**PERRY TOWNSHIP  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

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

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash 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.

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

**PERRY TOWNSHIP  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Road and Bridge Fund* - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Project Fund:

*Township Building Construction Fund* - Receives intergovernmental monies for the construction at the fire station.

**4. Fiduciary Funds (Trust and Agency Funds)**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Funds:

**Non-Expendable Trust**

*Cemetery Bequest Fund* – Used for the beautification and maintenance of the Township's cemetery.

**Agency**

*Library Levy Fund* – Receives local taxes and intergovernmental receipts earmarked for the Perry Public Library.

*Fire Levy Fund* – Receives local taxes and intergovernmental receipts earmarked for the Perry Fire District.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds)

**1. Appropriations**

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

**PERRY TOWNSHIP  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2004	2003
Demand deposits	\$21,397	\$13,591
Certificates of deposit	1,984,225	1,234,825
Total deposits	2,005,622	1,248,416
 STAR Ohio	 2,085,981	 2,155,681
Total investments	2,085,981	2,155,681
 Total deposits and investments	 \$4,091,603	 \$3,404,097

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or, (2) collateralized by the financial institution's public entity deposit pool.

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

**PERRY TOWNSHIP  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,330,371	\$2,160,271	(\$170,100)
Special Revenue	955,836	644,687	(311,149)
Capital Projects	2,841,077	303,458	(2,537,619)
Non-Expendable Trust	14,725	149	(14,576)
Agency	7,770,910	3,964,971	(3,805,939)
Total	\$13,912,919	\$7,073,536	(\$6,839,383)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,404,011	\$1,583,429	\$820,582
Special Revenue	955,836	541,852	413,984
Capital Projects	2,983,208	511,942	2,471,266
Non-Expendable Trust	500	149	351
Agency	7,770,910	3,964,971	3,805,939
Total	\$14,114,465	\$6,602,343	\$7,512,122

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,942,064	\$1,523,856	(\$418,208)
Special Revenue	760,961	479,331	(281,630)
Capital Projects	1,578,156	276,680	(1,301,476)
Non-Expendable Trust	15,382	362	(15,020)
Agency	3,954,420	3,868,979	(85,441)
Total	\$8,250,983	\$6,149,208	(\$2,101,775)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,941,329	\$1,273,050	\$668,279
Special Revenue	705,701	610,036	95,665
Capital Projects	1,433,442	487,813	945,629
Non-Expendable Trust	600	520	80
Agency	3,954,420	3,668,259	286,161
Total	\$8,035,492	\$6,039,678	\$1,995,814



**PERRY TOWNSHIP  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**4. PROPERTY TAX**

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

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2004 was as follows:

	Principal	Rate
Township Park Recreation Bonds	\$650,000	4%

The Township issued general obligation bonds to finance the construction of a township park recreation facility. The Township's taxing authority collateralized the bonds.

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

	Recreation Bonds
Year ending December 31:	
2005	\$83,210
2006	79,990
2007	82,680
2008	80,160
2009-2014	483,420
Total	\$809,460

**6. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, members of OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2004 and 2003. The Township has paid all contributions required through December 31, 2004.

**PERRY TOWNSHIP  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**7. RISK POOL MEMBERSHIP**

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

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss 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 \$5,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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.

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, 2004 and 2003.

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	(13,640,962)	(11,791,300)
Retained earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>
 <u>Property Coverage</u>	 <u>2004</u>	 <u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	(753,906)	(750,956)
Retained earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

**PERRY TOWNSHIP  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**8. PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT**

The Perry Joint Economic Development District was incorporated on August 25, 2000 under the authority of the Ohio Rev. Code Section 715.72 through 715.83. The District was comprised of Perry Township and the Village of Perry. On September 12, 2002, North Perry Village became a member of the District. The District operates under an appointed five-member Board of Directors established in accordance with Ohio Rev. Code Section 715.78 (A). The District was formed to advance, encourage and promote the industrial, economic, commercial and civic development of the area.

**9. PERRY JOINT FIRE DISTRICT**

The Perry Joint Fire District was created on September 27, 2002 by a joint resolution passed by Perry Township, Village of Perry, and North Perry Village. The district is directed by an appointed six-member Board of Trustees. Two board members are appointed by each political subdivision within the District of which one member is required to be an elected official from each entity. The District provides fire protection and rescue services within the District.

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**Auditor of State  
Betty Montgomery**

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

Perry Township  
Lake County  
3740 Center Street, P.O. Box 65  
Perry, Ohio 44081

To the Board of Trustees:

We have audited the financial statements of Perry Township, Lake County, Ohio, (the Township) as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated August 19, 2005, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated August 19, 2005, we reported a matter involving internal control over financial reporting that we did not deem a reportable condition.

**Compliance and Other Matters**

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

Perry Township  
Lake County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 19, 2005



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**PERRY TOWNSHIP**

**LAKE 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  
SEPTEMBER 13, 2005**