

***PERRY TOWNSHIP***

***STARK COUNTY***

**Audit Report**

**For the Years Ended December 31, 2011 and 2010**

***CHARLES E. HARRIS & ASSOCIATES, INC.***  
Certified Public Accountants and Government Consultants





# Dave Yost • Auditor of State

Board of Trustees  
Perry Township  
3111 Hilton Street NW  
Massillon, Ohio 44645

We have reviewed the *Independent Accountants' Report* of Perry Township, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 4, 2012

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**PERRY TOWNSHIP  
STARK COUNTY  
For the Years Ending December 31, 2011 and 2010**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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### **INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Trustees:

We have audited the accompanying financial statements of Perry Township, Stark County, (the Township) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

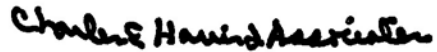
Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 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, 2011 and 2010, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of Perry Township, Stark County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 Perry Township, Stark County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2012, 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.

A handwritten signature in black ink that reads "Charles E. Harris" followed by a stylized flourish.

**CHARLES E. HARRIS & ASSOCIATES, INC.**

April 12, 2012

**Perry Township**  
*Stark County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2011*

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 52,310	\$ 4,486,788	\$ 127,681	\$ 4,666,779
Charges for Services	-	537,283	-	537,283
Licenses, Permits and Fees	122,392	-	-	122,392
Fines and Forfeitures	12,057	39,946	-	52,003
Intergovernmental	775,595	1,913,216	-	2,688,811
Special Assessments	-	9,802	-	9,802
Earnings on Investments	13,601	164	-	13,765
Gifts and Donations	-	31,673	-	31,673
Miscellaneous	12,450	65,126	-	77,576
<i>Total Cash Receipts</i>	988,405	7,083,998	127,681	8,200,084
<b>Cash Disbursements</b>				
Current:				
General Government	605,382	-	-	605,382
Public Safety	30,739	5,263,083	-	5,293,822
Public Works	-	1,997,133	-	1,997,133
Health	135,763	-	-	135,763
Conservation-Recreation	77,556	-	-	77,556
Other	-	73,487	-	73,487
Capital Outlay	-	5,719	-	5,719
Debt Service:				
Principal Retirement	-	-	84,375	84,375
Interest and Fiscal Charges	-	-	43,306	43,306
<i>Total Cash Disbursements</i>	849,440	7,339,422	127,681	8,316,543
<i>Excess of Receipts Over (Under) Disbursements</i>	138,965	(255,424)	-	(116,459)
<b>Other Financing Receipts (Disbursements)</b>				
Other Financing Sources	15,688	555	-	16,243
<i>Total Other Financing Receipts (Disbursements)</i>	15,688	555	-	16,243
<i>Net Change in Fund Cash Balances</i>	154,653	(254,869)	-	(100,216)
<i>Fund Cash Balances, January 1</i>	822,071	2,639,889	-	3,461,960
<b>Fund Cash Balances, December 31</b>				
Restricted	-	2,385,020	-	2,385,020
Unassigned	976,724	-	-	976,724
<i>Fund Cash Balances, December 31</i>	\$ 976,724	\$ 2,385,020	\$ -	\$ 3,361,744

See accompanying Notes to the Financial Statements.



**Perry Township**  
*Stark County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2011*

	Proprietary Fund Type
	Internal Service Fund
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 54,599
<i>Total Operating Cash Receipts</i>	54,599
<b>Operating Cash Disbursements</b>	
Contractual Services	6,468
Claims	48,131
<i>Total Operating Cash Disbursements</i>	54,599
<i>Operating Income (Loss)</i>	-
<i>Fund Cash Balances, January 1</i>	-
<i>Fund Cash Balances, December 31</i>	\$ -

See accompanying Notes to the Financial Statements.

**Perry Township, Ohio**  
*Stark County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2010*

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 51,955	\$ 4,521,187	\$ 131,931	\$ 4,705,073
Intergovernmental Receipts	755,953	2,161,987	-	2,917,940
Special Assessments	-	12,453	-	12,453
Charges for Services	-	512,568	-	512,568
Licenses, Permits and Fees	104,186	-	-	104,186
Fines and Forfeitures	15,845	29,073	-	44,918
Earnings on Investments	26,118	899	-	27,017
Gifts and Donations	235,440	26,859	-	262,299
Miscellaneous	10,764	101,410	-	112,174
<i>Total Cash Receipts</i>	1,200,261	7,366,436	131,931	8,698,628
<b>Cash Disbursements</b>				
Current:				
Public Safety	29,176	5,049,446	-	5,078,622
Public Works	-	2,322,629	-	2,322,629
Health	125,476	-	-	125,476
Conservation - Recreation	96,717	-	-	96,717
Miscellaneous	-	75,152	-	75,152
General Government	769,381	-	-	769,381
Capital Outlay	-	5,511	-	5,511
Debt Service:				
Principal Payments	-	-	84,375	84,375
Interest and Fiscal Charges	-	-	47,556	47,556
<i>Total Cash Disbursements</i>	1,020,750	7,452,738	131,931	8,605,419
<i>Total Receipts Over(Under) Disbursements</i>	179,511	(86,302)	-	93,209
<b>Other Financing Sources/(Uses)</b>				
Other Financing Sources	498	14,197	-	14,695
<i>Total Other Financing Sources/(Uses)</i>	498	14,197	-	14,695
<i>Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses</i>				
	180,009	(72,105)	-	107,904
<i>Fund Balance January 1</i>	642,062	2,711,994	-	3,354,056
<i>Fund Balance December 31</i>	\$ 822,071	\$ 2,639,889	\$ -	\$ 3,461,960

See accompanying Notes to the Financial Statements.

**Perry Township, Ohio**  
*Stark County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2010*

	Proprietary Fund Type Internal Service Fund
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 58,105
<i>Total Cash Receipts</i>	58,105
<b>Operating Cash Disbursements</b>	
Contractual Services	5,956
Claims	52,149
<i>Total Cash Disbursements</i>	58,105
<i>Operating Income (Loss)</i>	-
<i>Cash Fund Balances January 1</i>	-
<i>Cash Fund Balances December 31</i>	\$ -

See accompanying Notes to the Financial Statements.

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**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 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, emergency medical services and police protection.

The Township participates in the Ohio Township Association Risk Management (OTARMA), a risk sharing pool available to Ohio townships. Note 7 to the financial statements provides additional information for this entity.

Public Entity Risk Pool: OTARMA

OTARMA provides property and casualty insurance for its members. It pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 Auditor of State prescribes or permits.

**C. 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.

**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.

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. 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 and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

- 3. Debt Service Fund** – This fund receives property tax revenue to pay the police building and park note debt.

**4. Proprietary Funds**

These funds focus on the determination of changes in net assets and financial position and are classified as either enterprise or internal service. The Township's only proprietary fund is an internal service fund.

**Internal Service Fund** - This fund accounts for services provided by one department to other departments of the Township on a cost reimbursement basis. The Township had the following Internal Service Fund:

Self-funded Insurance Dental and Vision Fund – This fund receives claims payments from other funds to pay dental and vision claims of employees enrolled in the self-insurance plan.

**E. Budgetary Process**

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

**1. Appropriations**

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

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**F. Fund Balance**

For December 31, 2011, 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:

**1. Nonspendable**

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

**2. 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.

**3. 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.

**4. 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  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**5. 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.

**G. 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.

**H. 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 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:

		2011		2010
Demand deposits	\$	3,360,744	\$	2,210,960
STAR Ohio investments		1,000		1,000
FHLMC		-		1,250,000
Total investments		1,000		1,251,000
Total deposits and investments	\$	3,361,744	\$	3,461,960

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**Investments:** The Federal Reserve holds the Township's U.S. Treasury Notes in book-entry form by, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

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  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 650,347	\$ 1,004,093	\$ 353,746
Special Revenue	7,821,635	7,084,553	(737,082)
Debt Service	127,682	127,681	(1)
Internal Service	54,599	54,599	-
Total	<u>\$ 8,654,263</u>	<u>\$ 8,270,926</u>	<u>\$ (383,337)</u>

2011 Budgeted vs. Actual Budgetary Disbursements

Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$ 1,472,418	\$ 849,440	\$ 622,978
Special Revenue	9,718,746	7,339,422	2,379,324
Debt Service	127,682	127,681	1
Internal Service	54,599	54,599	-
Total	<u>\$ 11,373,445</u>	<u>\$ 8,371,142</u>	<u>\$ 3,002,303</u>

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 657,342	\$ 1,200,759	\$ 543,417
Special Revenue	7,210,324	7,380,633	170,309
Debt Service	131,931	131,931	-
Internal Service	58,105	58,105	-
Total	<u>\$ 8,057,702</u>	<u>\$ 8,771,428</u>	<u>\$ 713,726</u>

2010 Budgeted vs. Actual Budgetary Disbursements

Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$ 1,299,404	\$ 1,020,750	\$ 278,654
Special Revenue	9,918,004	7,452,738	2,465,266
Debt Service	131,931	131,931	-
Internal Service	58,105	58,105	-
Total	<u>\$ 11,407,443</u>	<u>\$ 8,663,524</u>	<u>\$ 2,743,919</u>



**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**4. Property Tax**

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.

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

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

**5. Debt**

Debt outstanding at December 31, 2011 was as follows:

		Principal	Interest Rate
Police Building Note	\$	378,125	4.74%
Park Improvement Note		410,000	5.47%
Total	\$	788,125	

The police building note is backed by the full faith and credit of the Township. The note has a term of 15 years. The note was originally issued in 2003 and required to be paid off in 2017.

The park improvement note is backed by the full faith and credit of the Township. The note has a term of 15 years. The note was originally issued in 2007 and is required to be paid off in 2022.

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

Year ending December 31:		Police Building Note		Park Improvement Note
2012	\$	78,723	\$	54,588
2013		75,879		52,708
2014		78,035		50,828
2015		79,385		48,957
2016		81,518		47,067
2017-2021		82,844		207,271
2022				35,785
Total	\$	479,384	\$	497,205

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**6. Retirement Systems**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OP&F participants contributed 10% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2011 and 2010, OPERS participants in law enforcement contributed 11.1% and 11.6%, respectively, of full-time police members' wages. The Township contributed 18% of full-time police members' wages. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

**7. 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 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

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, 2010 and 2009 (the latest information available):

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**7. Risk Management (continued)**

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$89,980.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2011</u>	<u>2010</u>
\$143,064	\$121,595

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

**8. Contingent Liabilities**

The Township is currently not party to any claims or lawsuits.

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**9. Joint Ventures**

The Township participates in the Perry-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.

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Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**INDEPENDENT ACCOUNTANTS' 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 the financial statements of Perry Township, Stark County, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated April 12, 2012, 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. For the year ended December 31, 2011, we noted the Township implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

A *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 more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

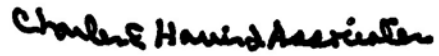
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

**Compliance and Other Matters**

As part of 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*.

However, we noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 12, 2012.

We intend this report solely for the information and use of management, the Board of Trustees, the Auditor of State and others within the Township. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Charles Harris Associates". The signature is written in a cursive, slightly slanted style.

**CHARLES E. HARRIS & ASSOCIATIONS, INC.**

April 12, 2012

**PERRY TOWNSHIP  
STARK COUNTY  
For the Years Ended December 31, 2011 and 2010**

**Schedule of Prior Audit Findings**

The prior audit report, for the years ended December 31, 2009 and 2008, reported no material citations or recommendations.







# Dave Yost • Auditor of State

**PERRY TOWNSHIP**

**STARK 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  
JUNE 14, 2012**