

PERRY TOWNSHIP

STARK COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2013 and 2012





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Perry Township, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

August 28, 2014

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**PERRY TOWNSHIP
STARK COUNTY
For the Years Ending December 31, 2013 and 2012**

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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 and related notes of Perry Township, Stark County, (the Township) as of and for the years ended December 31, 2013 and 2012.

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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; 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 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 1 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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

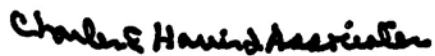
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position or cash flows 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 combined cash balances of Perry Township, Stark County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements 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 permits, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014, 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.



Charles E. Harris & Associates, Inc.
June 20, 2014

Perry Township
Stark County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2013

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts				
Property and Other Local Taxes	\$ 55,248	\$ 4,107,086	\$ 128,587	\$ 4,290,921
Charges for Services	3,239	566,978	-	570,217
Licenses, Permits and Fees	148,960	155,763	-	304,723
Fines and Forfeitures	11,380	4,663	-	16,043
Intergovernmental	679,933	1,782,642	-	2,462,575
Special Assessments	-	6,866	-	6,866
Earnings on Investments	10,416	65	-	10,481
Gifts and Donations	3,425	35,499	-	38,924
Miscellaneous	47,329	55,522	-	102,851
<i>Total Cash Receipts</i>	959,930	6,715,084	128,587	7,803,601
Cash Disbursements				
Current:				
General Government	622,359	-	-	622,359
Public Safety	27,203	5,584,072	-	5,611,275
Public Works	-	1,876,405	-	1,876,405
Health	37,747	-	-	37,747
Conservation-Recreation	97,133	-	-	97,133
Other	-	53,919	-	53,919
Capital Outlay	-	7,191	-	7,191
Debt Service:				
Principal Retirement	-	-	94,375	94,375
Interest and Fiscal Charges	-	-	34,212	34,212
<i>Total Cash Disbursements</i>	784,442	7,521,587	128,587	8,434,616
<i>Excess of Receipts Over (Under) Disbursements</i>	175,488	(806,503)	-	(631,015)
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	6,008	52,093	-	58,101
Other Financing Sources	42,544	-	-	42,544
Other Financing Uses	(765)	-	-	(765)
<i>Total Other Financing Receipts (Disbursements)</i>	47,787	52,093	-	99,880
<i>Net Change in Fund Cash Balances</i>	223,275	(754,410)	-	(531,135)
<i>Fund Cash Balances, January 1</i>	927,437	2,172,410	-	3,099,847
Fund Cash Balances, December 31				
Restricted	-	1,418,000	-	1,418,000
Unassigned	1,150,712	-	-	1,150,712
<i>Fund Cash Balances, December 31</i>	\$ 1,150,712	\$ 1,418,000	\$ -	\$ 2,568,712

See accompanying Notes to the Financial Statements.

Perry Township
Stark County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances
Proprietary Fund Type
For the Year Ended December 31, 2013

	Proprietary Fund Type
	Internal Service Fund
Operating Cash Receipts	
Charges for Services	\$ 37,131
<i>Total Operating Cash Receipts</i>	37,131
Operating Cash Disbursements	
Contractual Services	5,764
Claims	47,971
<i>Total Operating Cash Disbursements</i>	53,735
<i>Operating Income (Loss)</i>	(16,604)
<i>Fund Cash Balances, January 1</i>	20,492
<i>Fund Cash Balances, December 31</i>	\$ 3,888

See accompanying Notes to the Financial Statements.

Perry Township
Stark County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2012

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts				
Property and Other Local Taxes	\$ 60,012	\$ 4,393,807	\$ 133,311	\$ 4,587,130
Charges for Services	5,418	419,652	-	425,070
Licenses, Permits and Fees	143,561	135,182	-	278,743
Fines and Forfeitures	11,023	4,336	-	15,359
Intergovernmental	545,320	1,681,465	-	2,226,785
Special Assessments	-	4,333	-	4,333
Earnings on Investments	7,672	12	-	7,684
Gifts and Donations	-	45,345	-	45,345
Miscellaneous	6,543	62,086	-	68,629
<i>Total Cash Receipts</i>	779,549	6,746,218	133,311	7,659,078
Cash Disbursements				
Current:				
General Government	649,036	-	-	649,036
Public Safety	31,826	5,032,048	-	5,063,874
Public Works	-	1,839,216	-	1,839,216
Health	129,223	-	-	129,223
Conservation-Recreation	68,552	-	-	68,552
Other	-	81,056	-	81,056
Capital Outlay	-	6,508	-	6,508
Debt Service:				
Principal Retirement	-	-	94,375	94,375
Interest and Fiscal Charges	-	-	38,936	38,936
<i>Total Cash Disbursements</i>	878,637	6,958,828	133,311	7,970,776
<i>Excess of Receipts Over (Under) Disbursements</i>	(99,088)	(212,610)	-	(311,698)
Other Financing Receipts (Disbursements)				
Other Financing Sources	49,801	-	-	49,801
<i>Total Other Financing Receipts (Disbursements)</i>	49,801	-	-	49,801
<i>Net Change in Fund Cash Balances</i>	(49,287)	(212,610)	-	(261,897)
<i>Fund Cash Balances, January 1</i>	976,724	2,385,020	-	3,361,744
Fund Cash Balances, December 31				
Restricted	-	2,172,410	-	2,172,410
Unassigned	927,437	-	-	927,437
<i>Fund Cash Balances, December 31</i>	\$ 927,437	\$ 2,172,410	\$ -	\$ 3,099,847

See accompanying Notes to the Financial Statements.

Perry Township
Stark County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances
Proprietary Fund Type
For the Year Ended December 31, 2012

	Proprietary Fund Type
	Internal Service Fund
Operating Cash Receipts	
Charges for Services	\$ 73,805
<i>Total Operating Cash Receipts</i>	73,805
Operating Cash Disbursements	
Contractual Services	4,452
Claims	48,861
<i>Total Operating Cash Disbursements</i>	53,313
<i>Operating Income (Loss)</i>	20,492
<i>Fund Cash Balances, January 1</i>	-
<i>Fund Cash Balances, December 31</i>	\$ 20,492

See accompanying Notes to the Financial Statements.

**PERRY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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, 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, 2013 AND 2012
(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 Funds – These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Funds:

Police Note Retirement Fund - This fund receives property tax revenue to pay the police building note debt.

Park Note Retirement Fund - This fund receives property tax revenue to pay the park note debt.

4. Proprietary Funds

These funds focus on the determination of changes in fund balance 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.

**PERRY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (continued)

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.

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 2013 and 2012 budgetary activity appears in Note 3.

F. 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:

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.

**PERRY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (continued)

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.

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.

**PERRY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

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:

		2013		2012
Demand deposits	\$	121,303	\$	1,124,399
STAR Ohio investments		-		1,000
STAR Ohio Plus investments		676,508		-
FHLMC		1,774,789		1,995,000
Total investments		2,451,297		1,996,000
Total deposits and investments	\$	2,572,600	\$	3,120,339

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.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts

<u>Fund Type</u>		<u>Budgeted Receipts</u>		<u>Actual Receipts</u>	<u>Variance</u>
General	\$	513,436	\$	1,008,482	\$ 495,046
Special Revenue		6,540,583		6,767,177	226,594
Debt Service		128,587		128,587	-
Internal Service		33,243		37,131	3,888
Total	\$	7,215,849	\$	7,941,378	\$ 725,529

2013 Budgeted vs. Actual Budgetary Disbursements

<u>Fund Type</u>		<u>Appropriation Authority</u>		<u>Actual Disbursements</u>	<u>Variance</u>
General	\$	1,400,872	\$	785,207	\$ 615,665
Special Revenue		8,712,993		7,521,587	1,191,406
Debt Service		128,587		128,587	-
Internal Service		53,735		53,735	-
Total	\$	10,296,187	\$	8,489,116	\$ 1,807,071

**PERRY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity (continued)

<u>2012 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 553,648	\$ 829,350	\$ 275,702
Special Revenue	6,758,548	6,746,218	(12,330)
Debt Service	133,311	133,311	-
Internal Service	73,805	73,805	-
Total	<u>\$ 7,519,312</u>	<u>\$ 7,782,684</u>	<u>\$ 263,372</u>

<u>2012 Budgeted vs. Actual Budgetary Disbursements</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Disbursements</u>	<u>Variance</u>
General	\$ 1,530,372	\$ 878,637	\$ 651,735
Special Revenue	9,139,192	6,958,828	2,180,364
Debt Service	133,311	133,311	-
Internal Service	53,313	53,313	-
Total	<u>\$ 10,856,188</u>	<u>\$ 8,024,089</u>	<u>\$ 2,832,099</u>

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.

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, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Police Building Note	\$ 290,000	4.74%
Park Improvement Note	309,375	5.47%
Total	<u>\$ 599,375</u>	

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.

**PERRY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

5. Debt (continued)

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
2014	\$ 78,035	\$ 50,828
2015	79,385	48,957
2016	81,518	47,067
2017	82,844	45,187
2018		43,306
2019-2022		154,564
Total	\$ 321,782	\$ 389,909

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. From January 1, 2012 through July 1, 2013, OP&F plan members were required to contribute 10% of their annual covered salary. From July 2, 2013 through December 31, 2013, OP&F plan members were required to contribute 10.75% of their annual covered salary. The Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2013 and 2012, OPERS participants in law enforcement contributed 12% and 11.5%, respectively of full-time police members' wages. The Township contributed 18.1% of full-time police members' wages. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries for all other employees. The Township has paid all contributions required through December 31, 2013.

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.

**PERRY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management (continued)

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. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.) York functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	8,486,363	9,355,082
Net Position	\$26,467,923	\$25,416,188

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$86,000.

**PERRY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management (continued)

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>2013</u>	<u>2012</u>
\$156,935	\$144,366

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.

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

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 Perry Township, Stark County, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated June 20, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

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.

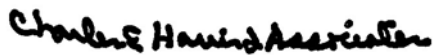
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies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

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 communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
June 20, 2014

PERRY TOWNSHIP
STARK COUNTY
For the Years Ended December 31, 2013 and 2012

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the years ending December 31, 2011 and 2010, reported no material citations or recommendations.

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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
SEPTEMBER 9, 2014**