

Perry Township
Audited Financial Statements

December 31, 2009 and 2008



Mary Taylor, CPA

Auditor of State

Board of Trustees
Perry Township
3111 Hilton Street NW
Massillon, Ohio 44646

We have reviewed the *Independent Auditor's Report* of Perry Township, Stark County, prepared by Rea & Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. 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 Auditor's 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 Auditor's 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 5, 2010

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**Perry Township
STARK COUNTY
December 31, 2009 and December 31, 2008**

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

April 2, 2010

Perry Township
3111 Hilton St. NW
Massillon, OH 44646

Independent Auditor's Report

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, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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, 2009 and 2008 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, 2009 and 2008, 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 and reserves for encumbrances of the Township, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 April 2, 2010, 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* and should be considered in assessing the results of our audit.

Hea & Associates, Inc.

PERRY TOWNSHIP
STARK COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only) Total
CASH RECEIPTS:					
Taxes	\$ 53,570	\$ 4,546,430	\$ 136,181	\$ 0	\$ 4,736,181
Intergovernmental Revenue	595,210	2,145,051	0	1,137,121	3,877,382
Special Assessments	0	14,620	0	0	14,620
Charges For Services	0	533,812	0	0	533,812
Licenses, Permits and Fees	86,757	0	0	0	86,757
Fines and Forfeitures	13,265	58,233	0	0	71,498
Gifts	0	32,587	0	0	32,587
Interest	24,689	482	0	0	25,171
Miscellaneous	18,022	99,501	0	0	117,523
Total Cash Receipts	791,513	7,430,716	136,181	1,137,121	9,495,531
CASH DISBURSEMENTS:					
Current:					
Public Safety	27,105	5,153,789	0	0	5,180,894
Public Works	33,167	1,982,499	0	1,137,121	3,152,787
Health	170,448	0	0	0	170,448
Conservation - Recreation	161,204	0	0	0	161,204
Miscellaneous	0	54,344	0	0	54,344
General Government	778,285	0	0	0	778,285
Capital Outlay	0	5,024	0	0	5,024
Debt Service:					
Principal	0	0	84,375	0	84,375
Interest	0	0	51,806	0	51,806
Total Cash Disbursements	1,170,209	7,195,656	136,181	1,137,121	9,639,166
Total Cash Receipts Over (Under) Cash Disbursements	(378,696)	235,061	0	0	(143,635)
OTHER FINANCING RECEIPTS (DISBURSEMENTS):					
Other Financing Sources	6,941	0	0	0	6,941
Total Other Financing Receipts (Disbursements)	6,941	0	0	0	6,941
Total Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(371,755)	235,061	0	0	(136,694)
FUND CASH BALANCES, January 1, 2009	1,013,817	2,476,933	0	0	3,490,750
FUND CASH BALANCES, December 31, 2009	\$ 642,062	\$ 2,711,994	\$ 0	\$ 0	\$ 3,354,056

The accompanying notes are an integral part of these financial statements.

PERRY TOWNSHIP
STARK COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2009

	Proprietary
	Internal Service Fund
OPERATING CASH RECEIPTS:	
Charges for services	\$ 51,847
Total Operating Cash Receipts	51,847
OPERATING CASH DISBURSEMENTS:	
Contractual services	10,336
Claims	43,735
Total Operating Cash Disbursements	54,071
Operating Loss	(2,224)
FUND CASH BALANCES, January 1, 2009	2,224
FUND CASH BALANCES, December 31, 2009	\$ 0

The accompanying notes are an integral part of these financial statements.

PERRY TOWNSHIP
STARK COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only) Total
CASH RECEIPTS:					
Taxes	\$ 57,267	\$ 4,887,839	\$ 140,431	\$ 0	\$ 5,085,538
Intergovernmental Revenue	811,796	1,921,902	0	103,804	2,837,502
Special Assessments	0	651	0	0	651
Charges For Services	0	377,347	0	0	377,347
Licenses, Permits and Fees	113,167	9,750	0	0	122,917
Fines and Forfeitures	22,247	17,089	0	0	39,336
Gifts	0	22,451	0	0	22,451
Interest	111,399	538	0	0	111,937
Miscellaneous	21,247	73,512	0	0	94,759
Total Cash Receipts	1,137,123	7,311,079	140,431	103,804	8,692,437
CASH DISBURSEMENTS:					
Current:					
Public Safety	28,098	5,381,006	0	0	5,409,104
Public Works	33,167	1,715,178	0	103,804	1,852,149
Health	131,231	0	0	0	131,231
Conservation - Recreation	166,865	0	0	0	166,865
Miscellaneous	0	113,623	0	0	113,623
General Government	846,189	0	0	0	846,189
Capital Outlay	0	1,910	0	0	1,910
Debt Service:					
Principal	0	0	84,375	0	84,375
Interest	0	0	56,056	0	56,056
Total Cash Disbursements	1,205,550	7,211,717	140,431	103,804	8,661,501
Total Cash Receipts Over (Under) Cash Disbursements	(68,426)	99,362	0	0	30,936
OTHER FINANCING RECEIPTS (DISBURSEMENTS):					
Transfers - In	0	605	0	0	605
Transfers - Out	(605)	0	0	0	(605)
Other Financing Sources	654	0	0	0	654
Total Other Financing Receipts (Disbursements)	49	605	0	0	655
Total Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(68,377)	99,967	0	0	31,590
FUND CASH BALANCES, January 1, 2008	1,082,194	2,376,966	0	0	3,459,160
FUND CASH BALANCES, December 31, 2008	\$1,013,817	\$ 2,476,933	\$ 0	\$ 0	\$ 3,490,750

The accompanying notes are an integral part of these financial statements.

PERRY TOWNSHIP
STARK COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008

	Proprietary
	Internal Service Fund
OPERATING CASH RECEIPTS:	
Charges for services	\$ 52,191
Total Operating Cash Receipts	52,191
OPERATING CASH DISBURSEMENTS:	
Contractual services	24,734
Claims	46,645
Total Operating Cash Disbursements	71,379
Operating Income	(19,188)
FUND CASH BALANCES, January 1, 2008	21,412
FUND CASH BALANCES, December 31, 2008	\$ 2,224

The accompanying notes are an integral part of these financial statements.

**PERRY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Perry Township, Stark County (the "Township"), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including street and road maintenance, emergency management services, fire protection and police protection.

The Township's management believes these financial statements present all activities for which the Township is financial 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts, gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit and repurchase agreements are valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**PERRY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 has the following significant Special Revenue Funds:

Police District Fund – This fund receives property tax 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 revenue for road improvement and maintenance.

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

4. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township has the following significant Capital Projects Fund:

Issue 2 – This fund is used to account for receipts from federal, state and local government to be used for the installation and improvement of the Township’s storm sewer system.

5. Proprietary Funds

These funds focus on the determination of changes in net assets, financial position and cash flows 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 the financing of services provided by one department or agency to other departments or agencies of the Township on a cost reimbursement basis. The Township’s only internal service fund accounts for a self-insurance program which provides dental and vision benefits to employees.

**PERRY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 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 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**PERRY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 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:

	2009	2008
Demand deposits	\$ 74,055	\$ (87,026)
Certificates of deposit	1,500,000	0
Total Deposits	1,574,055	(87,026)
STAR Ohio	1,780,000	3,450,000
Repurchase Agreement	0	130,000
Total Investments	1,780,000	3,580,000
Total deposits and investments	\$ 3,354,055	\$ 3,492,974

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

Investments: In 2008 the Township entered into a repurchase agreement. The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

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

**PERRY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 3: BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,827,902	\$ 798,454	\$ (1,029,448)
Special Revenue	9,669,177	7,430,716	(2,238,461)
Debt Service	136,181	136,181	0
Capital Projects	1,345,952	1,137,121	(208,831)
Internal Service	51,847	51,847	0
Total	<u>\$ 13,031,059</u>	<u>\$ 9,554,319</u>	<u>\$ (3,476,740)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,805,608	\$ 1,170,209	\$ 635,399
Special Revenue	9,667,247	7,195,656	2,471,591
Debt Service	136,181	136,181	0
Capital Projects	1,345,952	1,137,121	208,831
Internal Service	54,071	54,071	0
Total	<u>\$ 13,009,059</u>	<u>\$ 9,693,238</u>	<u>\$ 3,315,821</u>

**PERRY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 3: BUDGETARY ACTIVITY (Continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,920,423	\$ 1,137,777	\$ (782,646)
Special Revenue	9,552,210	7,311,684	(2,240,526)
Debt Service	140,432	140,431	(1)
Capital Projects	852,883	103,804	(749,079)
Internal Service	52,191	52,191	0
Total	<u>\$ 12,518,139</u>	<u>\$ 8,745,887</u>	<u>\$ (3,772,252)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,917,642	\$ 1,206,155	\$ 711,487
Special Revenue	9,505,804	7,211,717	2,294,087
Debt Service	140,431	140,431	0
Capital Projects	852,883	103,804	749,079
Internal Service	71,379	71,379	0
Total	<u>\$ 12,488,139</u>	<u>\$ 8,733,486</u>	<u>\$ 3,754,653</u>

NOTE 4: PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 semi-annual payments, the first half is due December 31. The second half payment is due the following June 20.

**PERRY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 4: PROPERTY TAX (Continued)

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.

NOTE 5: DEBT

The Township's note activity, including amount outstanding, interest rate, and the purpose for which the note was issued is as follows:

	Outstanding 1/1/2008	Additions	Reductions	Outstanding 12/31/2008
4.74% Police Building Note	\$ 610,000	\$ -	\$ 50,000	\$ 560,000
5.47% Park Improvement Note	515,625	-	34,375	481,250
	\$ 1,125,625	\$ -	\$ 84,375	\$ 1,041,250
	Outstanding 1/1/2009	Additions	Reductions	Outstanding 12/31/2009
4.74% Police Building Note	\$ 560,000	\$ -	\$ 50,000	\$ 510,000
5.47% Park Improvement Note	481,250	-	34,375	446,875
	\$ 1,041,250	\$ -	\$ 84,375	\$ 956,875

The police building note is backed by the full faith and credit of the Township. The note has a term of fifteen years. The note was originally issued in 2003. The note debt is required to be paid off in 2017. Amortization of the above debt, including interest, is scheduled as follows:

		Police Building Note
Year ending December 31:	2010	\$ 75,952
	2011	73,581
	2012	81,212
	2013	75,879
	2014	78,035
	2015-2017	244,197
		\$ 628,856

**PERRY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 5: DEBT (Continued)

The park improvement note is backed by the full faith and credit of the Township. The note has a term of fifteen years. The note was originally issued in 2007. The note debt is required to be paid off in 2022. Amortization of the above debt, including interest, is scheduled as follows:

		Park Improvement Note
Year ending December 31:	2010	\$ 58,349
	2011	56,469
	2012	54,588
	2013	52,708
	2014	50,828
	2015-2019	222,934
	2020-2022	<u>112,997</u>
		<u>\$ 608,873</u>

NOTE 7: RETIREMENT SYSTEMS

The Township's certified fire fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multi-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2009 and 2008, members of OP&F contributed 10 percent of their wages. The Township contributed an amount equal to 24 percent of their wages to OP&F. PERS members contributed 10 percent in 2009 and 2008 of their gross salaries. The Township contributed an amount equal to 14 percent in 2009 and 2008 of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

**PERRY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 8: 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 Workers' 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 insurance for its members. OTARMA is a member of the American Public Entity 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 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, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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 government.

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

The township also provides medical and life insurance to full-time employees. Coverage is provided by a commercial insurance carrier and the Township is not exposed to any risks related to health claims.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net assets at December 31, 2008 and 2007 as follows (the latest information available):

	2008	2007
Assets	\$ 40,737,740	\$ 43,210,703
Liabilities	12,981,818	13,357,837
Net Assets	\$ 27,755,922	\$ 29,852,866

**PERRY TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 8: RISK MANAGEMENT (Continued)

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

NOTE 9: CONTINGENT LIABILITIES

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

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

NOTE 10: JOINT VENTURE

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.



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

April 2, 2010

Perry Township
3111 Hilton St. NW
Massillon, OH 44646

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

To the Township 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, 2009 and 2008, and have issued our report thereon dated April 2, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits 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 as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

However, we did note certain matters that we reported to the Township's management in a separate letter dated April 2, 2010.

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 did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated April 2, 2010.

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

Hea & Associates, Inc.



Mary Taylor, CPA
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
MAY 18, 2010**