



Dave Yost • Auditor of State



PERKINS TOWNSHIP  
ERIE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2010.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2009.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15

**This page intentionally left blank.**



# Dave Yost • Auditor of State

Perkins Township  
Erie County  
1210 East Bogart Road  
Sandusky, Ohio 44870-6411

To the Board of Trustees:

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

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

**Dave Yost**  
Auditor of State

April 12, 2011

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Perkins Township  
Erie County  
1210 East Bogart Road  
Sandusky, Ohio 44870-6411

To the Board of Trustees:

We have audited the accompanying financial statements of Perkins Township, Erie County, Ohio (the Township) as of and for the years ended December 31, 2010 and 2009. 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 audits.

We conducted our audits 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 audits 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audits provide 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, 2010 and 2009 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, 2010 and 2009, or its changes in financial position 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 Perkins Township, Erie County, as of December 31, 2010 and 2009, 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 12, 2011, 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 audits.



**Dave Yost**  
Auditor of State

April 12, 2011



**PERKINS TOWNSHIP  
ERIE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$2,111,711	\$2,161,754				\$4,273,465
Charges for Services	130,444	561,340				691,784
Licenses, Permits, and Fees	344,402	117,783			\$2,748	464,933
Fines and Forfeitures	36,875	23,613				60,488
Intergovernmental	1,343,743	848,917		\$139,058		2,331,718
Special Assessments		36,718				36,718
Earnings on Investments	24,198	893				25,091
Miscellaneous	2,625	73,123		45,000		120,748
<b>Total Cash Receipts</b>	<b>3,993,998</b>	<b>3,824,141</b>		<b>184,058</b>	<b>2,748</b>	<b>8,004,945</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	582,976	113,983		129,815		826,774
Public Safety	2,092,137	2,633,153		63,466		4,788,756
Public Works	11,157	796,049				807,206
Health		29,198				29,198
Conservation - Recreation	60,431	34,949				95,380
Other					29,564	29,564
Capital Outlay	18,987		\$750	618,094		637,831
Debt Service:						
Redemption of Principal			40,000			40,000
Interest and Other Fiscal Charges			46,055			46,055
<b>Total Cash Disbursements</b>	<b>2,765,688</b>	<b>3,607,332</b>	<b>86,805</b>	<b>811,375</b>	<b>29,564</b>	<b>7,300,764</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>1,228,310</b>	<b>216,809</b>	<b>(86,805)</b>	<b>(627,317)</b>	<b>(26,816)</b>	<b>704,181</b>
<b>Other Financing Receipts / (Disbursements):</b>						
Sale of Fixed Assets	13,777	53,979		1,500,000		1,567,756
Transfers-In		333,815	86,805	1,052,000		1,472,620
Transfers-Out	(1,430,161)	(42,459)				(1,472,620)
Advances-In	20,707	4,769				25,476
Advances-Out	(4,769)	(20,707)				(25,476)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(1,400,446)</b>	<b>329,397</b>	<b>\$86,805</b>	<b>2,552,000</b>		<b>1,567,756</b>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(172,136)	546,206		1,924,683	(26,816)	2,271,937
Fund Cash Balances, January 1	962,802	925,751		45,768	27,758	1,962,079
<b>Fund Cash Balances, December 31</b>	<b>\$790,666</b>	<b>\$1,471,957</b>		<b>\$1,970,451</b>	<b>\$942</b>	<b>\$4,234,016</b>
Reserve for Encumbrances, December 31	\$33,645	\$241,075		\$241,445	\$104	\$516,269

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

**PERKINS TOWNSHIP  
ERIE COUNTY**

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

	<u>Governmental Fund Types</u>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$2,042,210	\$2,092,036				\$4,134,246
Charges for Services	60,002	563,339				623,341
Licenses, Permits, and Fees	284,242	81,916			\$2,445	368,603
Fines and Forfeitures	33,355	25,887				59,242
Intergovernmental	1,013,191	950,210				1,963,401
Special Assessments		46,414				46,414
Earnings on Investments	17,595	1,067				18,662
Miscellaneous	11,868	28,113			26,671	66,652
<b>Total Cash Receipts</b>	<b>3,462,463</b>	<b>3,788,982</b>			<b>29,116</b>	<b>7,280,561</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	615,395	75,927				691,322
Public Safety	2,227,368	2,577,386				4,804,754
Public Works	10,185	696,195				706,380
Health		20,805				20,805
Conservation - Recreation	43,250	56,114				99,364
Other					2,522	2,522
Capital Outlay		250	\$750	\$194,310		195,310
Debt Service:						
Redemption of Principal		344,718	40,000			384,718
Interest and Other Fiscal Charges		11,447	47,735			59,182
<b>Total Cash Disbursements</b>	<b>2,896,198</b>	<b>3,782,842</b>	<b>88,485</b>	<b>194,310</b>	<b>2,522</b>	<b>6,964,357</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>566,265</b>	<b>6,140</b>	<b>(88,485)</b>	<b>(194,310)</b>	<b>26,594</b>	<b>316,204</b>
<b>Other Financing Receipts / (Disbursements):</b>						
Sale of Fixed Assets	32,630	24,935				57,565
Transfers-In		64,000	88,485	228,745		381,230
Transfers-Out	(381,230)					(381,230)
Advances-In	16,000	16,189				32,189
Advances-Out	(16,189)	(16,000)				(32,189)
Other Financing Sources	30					30
Other Financing Uses	(45)					(45)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(348,804)</b>	<b>89,124</b>	<b>\$88,485</b>	<b>228,745</b>		<b>57,550</b>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	217,461	95,264		34,435	26,594	373,754
Fund Cash Balances, January 1	745,341	830,487		11,333	1,164	1,588,325
<b>Fund Cash Balances, December 31</b>	<b>\$962,802</b>	<b>\$925,751</b>		<b>\$45,768</b>	<b>\$27,758</b>	<b>\$1,962,079</b>
Reserve for Encumbrances, December 31	\$34,976	\$57,555		\$196,210	\$249	\$288,990

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

**PERKINS TOWNSHIP  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**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 Perkins Township, Erie 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, parks and recreation, police and fire protection, emergency medical services and general government services.

The Township participates in a jointly governed organization and a public entity risk pool. Notes 7 and 9 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organization:

*The Sand Hill Cemetery Association provides grounds maintenance, opening and closing of graves, and the sale of lots to its members.*

Public Entity Risk Pool:

*The Ohio Township Association Risk Management Authority (OTARMA) provides property and casualty coverage for its members.*

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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report. Certificates of deposit are recorded at cost.

**PERKINS TOWNSHIP  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

Fire and Rescue Fund - This fund receives property tax money which is used for the maintenance of fire apparatus, buildings, water, supplies, payment of firefighters/EMS/paramedics, and to operate emergency medical services.

**3. Debt Service Fund**

This fund accounts for resources the Township accumulates to pay lease-purchase obligations.

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant Capital Project Funds:

Issue II Fund – This fund received proceeds from State Issue II monies and local matching funds which were used to reconstruct Neilson Avenue and repave Strub Road and the Ferry Subdivision.

Capital Projects Fund – This fund received proceeds from the sale of the Township Hall and accounts for resources the Township is accumulating to construct a new Township Hall.

**5. Fiduciary Funds**

Fiduciary funds are agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency funds account for three percent of commercial building fees collected and remitted to the State and insurance company fire loss settlements received and remitted to the appropriate payee.

**PERKINS TOWNSHIP  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

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

**E. Budgetary Process**

The Ohio Revised Code requires 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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

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

**PERKINS TOWNSHIP  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(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:

	2010	2009
Demand deposits	\$2,683,103	\$541,134
Certificates of deposit	1,128,000	1,215,000
Savings account	730	730
Total deposits	3,811,833	1,756,864
STAR Ohio	317,183	205,215
Money market mutual fund	105,000	
Total investments	422,183	205,215
Total deposits and investments	\$4,234,016	\$1,962,079

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,943,287	\$4,028,482	\$85,195
Special Revenue	4,080,184	4,216,704	136,520
Debt Service	86,805	86,805	
Capital Projects	2,911,910	2,736,058	(175,852)
Fiduciary	2,680	2,748	68
Total	\$11,024,866	\$11,070,797	\$45,931

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,777,547	\$4,234,263	\$543,284
Special Revenue	4,785,679	3,911,573	874,106
Debt Service	86,805	86,805	
Capital Projects	1,187,302	1,052,820	134,482
Fiduciary	29,821	29,668	153
Total	\$10,867,154	\$9,315,129	\$1,552,025

**PERKINS TOWNSHIP  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,290,263	\$3,511,123	\$220,860
Special Revenue	3,792,526	3,894,106	101,580
Debt Service	88,485	88,485	
Capital Projects	420,260	228,745	(191,515)
Fiduciary	28,991	29,116	125
Total	\$7,620,525	\$7,751,575	\$131,050

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,942,331	\$3,328,638	\$613,693
Special Revenue	4,416,178	3,856,397	559,781
Debt Service	88,485	88,485	
Capital Projects	431,543	390,520	41,023
Fiduciary	3,460	2,771	689
Total	\$8,881,997	\$7,666,811	\$1,215,186

**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.

**PERKINS TOWNSHIP  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Township Association Lease Purchase Agreement	\$845,000	2.00% - 5.50%

The Township entered into a \$1,070,000 lease/purchase agreement with Ohio Township Association Leasing in accordance with § 505.267 of the Ohio Revised Code. This agreement was to refinance a bond anticipation note. The original note was issued to purchase land for future construction of a new Township complex and a new Fire Station. The Township will pay the Bank of New York semi-annual rent payments for 20 years, starting in May 2005 and ending with the final payment on November 15, 2024, with a variable annual interest rate. As stated in the lease/purchase agreement, the Township can fully execute the terms of the agreement at any time by paying off remaining payments in a lump sum. Upon fully executing the terms of the lease/purchase agreement the Township will assume ownership of the land.

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

Year ending December 31:	<u>Ohio Township Association Lease Purchase Agreement</u>
2011	\$90,124
2012	87,988
2013	85,850
2014	88,712
2015	86,338
2016-2020	438,640
2021-2024	357,002
Total	<u><u>\$1,234,654</u></u>

**6. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). The Township's full time certified police officers belong to the Ohio Public Employees Retirement System – Law Enforcement (OPERS-LE). Other employees belong to the Ohio Public Employees Retirement System - Regular (OPERS-G). 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 2010 and 2009, OP&F participants contributed 10% of their wages and the Township contributed an amount equaling 24% of full-time fire fighters' wages. For 2010 and 2009, OPERS-LE members contributed 10.10 and 11.10% of their gross salaries and the Township contributed an amount equaling 17.63 and 17.87%, respectively, of participants' gross salaries. For 2010 and 2009, OPERS-G 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, 2010.



**PERKINS TOWNSHIP  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**7. RISK MANAGEMENT**

**Risk Pool Membership**

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, 2009, 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, 2009 and 2008 (the latest information available):

	<u><b>2009</b></u>	<u><b>2008</b></u>
Assets	\$38,982,088	\$40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

**PERKINS TOWNSHIP  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$110,000.

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.

<b><u>Contributions to OTARMA</u></b>	
<b><u>2009</u></b>	<b><u>2008</u></b>
\$98,863	\$135,387

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**

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.

**9. JOINTLY GOVERNED ORGANIZATION**

Perkins, Groton, Oxford, and Margaretta Townships each appoint a member to the Board of Trustees of the Sand Hill Cemetery Association. The Cemetery Association provides grounds maintenance, opening and closing of graves, and the sale of lots. The Township contributed \$850 and \$800 to the Cemetery Association for the years 2010 and 2009, respectively.



# Dave Yost • Auditor of State

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

Perkins Township  
Erie County  
1210 East Bogart Road  
Sandusky, Ohio 44870-6411

To the Board of Trustees:

We have audited the financial statements of Perkins Township, Erie County, Ohio (the Township) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated April 12, 2011 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audits 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 audits, 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 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 audits 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*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 12, 2011.

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



**Dave Yost**  
Auditor of State

April 12, 2011



# Dave Yost • Auditor of State

**PERKINS TOWNSHIP**

**ERIE 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 5, 2011**