



Dave Yost • Auditor of State



PERRY TOWNSHIP  
STARK COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014 .....	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Proprietary Fund Type- For the Years Ended December 31, 2015 and 2014 .....	5
Notes to the Financial Statements .....	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## 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 of the cash balances, receipts and disbursements by fund type, and related notes of Perry Township, Stark County, Ohio (the Township) as of and for the years ended December 31, 2015 and 2014.

### ***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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.B 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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, 2015 and 2014, 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, Ohio as of December 31, 2015 and 2014, 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(D) permit, described in Note 1.B.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

October 31, 2016

**PERRY TOWNSHIP  
STARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$56,422	\$5,481,693	\$271,985	\$5,810,100
Charges for Services	0	467,603	0	467,603
Licenses, Permits and Fees	529,729	0	0	529,729
Fines and Forfeitures	8,668	2,511	0	11,179
Intergovernmental	260,380	1,258,257	0	1,518,637
Special Assessments	14,719	16,523	0	31,242
Earnings on Investments	7,356	176	0	7,532
Miscellaneous	128,994	393,358	0	522,352
<i>Total Cash Receipts</i>	<u>1,006,268</u>	<u>7,620,121</u>	<u>271,985</u>	<u>8,898,374</u>
<b>Cash Disbursements</b>				
Current:				
General Government	554,240	0	0	554,240
Public Safety	9,569	5,428,714	0	5,438,283
Public Works	0	3,394,390	0	3,394,390
Health	1,615	0	0	1,615
Conservation-Recreation	68,479	0	0	68,479
Other	0	3,861	0	3,861
Debt Service:				
Principal Retirement	0	0	284,374	284,374
Interest and Fiscal Charges	0	0	36,558	36,558
<i>Total Cash Disbursements</i>	<u>633,903</u>	<u>8,826,965</u>	<u>320,932</u>	<u>9,781,800</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>372,365</u>	<u>(1,206,844)</u>	<u>(48,947)</u>	<u>(883,426)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Bonds	0	1,080,000	0	1,080,000
Transfers In	0	0	48,947	48,947
Transfers Out	(48,947)	0	0	(48,947)
Advances In	250,000	230,000	0	480,000
Advances Out	(230,000)	(250,000)	0	(480,000)
Other Financing Sources	28,478	0	0	28,478
Other Financing Uses	(4,034)	0	0	(4,034)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(4,503)</u>	<u>1,060,000</u>	<u>48,947</u>	<u>1,104,444</u>
<i>Net Change in Fund Cash Balances</i>	367,862	(146,844)	0	221,018
<i>Fund Cash Balances, January 1</i>	<u>683,948</u>	<u>1,039,358</u>	<u>0</u>	<u>1,723,306</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	892,514	0	892,514
Unassigned (Deficit)	<u>1,051,810</u>	<u>0</u>	<u>0</u>	<u>1,051,810</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,051,810</u>	<u>\$892,514</u>	<u>\$0</u>	<u>\$1,944,324</u>

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

**PERRY TOWNSHIP  
STARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$55,957	\$4,493,193	\$78,035	\$4,627,185
Charges for Services	0	454,975	0	454,975
Licenses, Permits and Fees	92,911	0	0	92,911
Fines and Forfeitures	11,799	4,069	0	15,868
Intergovernmental	310,486	1,278,624	0	1,589,110
Special Assessments	0	15,355	0	15,355
Earnings on Investments	4,812	95	0	4,907
Miscellaneous	8,724	179,175	0	187,899
Gifts	0	31,197	0	31,197
	<i>Total Cash Receipts</i>	<i>6,456,683</i>	<i>78,035</i>	<i>7,019,407</i>
<b>Cash Disbursements</b>				
Current:				
General Government	598,193	0	0	\$598,193
Public Safety	16,117	5,284,644	0	5,300,761
Public Works	0	1,718,692	0	1,718,692
Health	338	0	0	338
Conservation-Recreation	79,898	0	0	79,898
Other	0	68,544	0	68,544
Capital Outlay		13,445	0	13,445
Debt Service:				
Principal Retirement	0	0	102,375	102,375
Interest and Fiscal Charges	0	0	26,488	26,488
	<i>Total Cash Disbursements</i>	<i>7,085,325</i>	<i>128,863</i>	<i>7,908,734</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(209,857)</i>	<i>(628,642)</i>	<i>(50,828)</i>	<i>(889,327)</i>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	0	0	50,828	50,828
Transfers Out	(50,828)	0	0	(50,828)
Advances In	0	250,000	0	250,000
Advances Out	(250,000)	0	0	(250,000)
Other Financing Sources	58,181	0	0	58,181
Other Financing Uses	(14,260)	0	0	(14,260)
	<i>Total Other Financing Receipts (Disbursements)</i>	<i>250,000</i>	<i>50,828</i>	<i>43,921</i>
<i>Net Change in Fund Cash Balances</i>	<i>(466,764)</i>	<i>(378,642)</i>	<i>0</i>	<i>(845,406)</i>
<i>Fund Cash Balances, January 1</i>	<i>1,150,712</i>	<i>1,418,000</i>	<i>0</i>	<i>2,568,712</i>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	1,039,358	0	1,039,358
Unassigned (Deficit)	683,948	0	0	683,948
	<i>Fund Cash Balances, December 31</i>	<i>\$1,039,358</i>	<i>\$0</i>	<i>\$1,723,306</i>

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

**PERRY TOWNSHIP  
STARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS) - PROPRIETARY FUND  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
<b>Operating Cash Receipts</b>		
Charges for Services	\$59,162	\$57,222
<i>Operating Cash Receipts</i>	59,162	57,222
<b>Operating Cash Disbursements</b>		
Contract Services	5,640	5,844
Claims	53,522	51,378
<i>Operating Cash Disbursements</i>	59,162	57,222
<i>Operating Income (Loss)</i>	0	0
<i>Net Change in Fund Cash Balances</i>	0	0
<i>Fund Cash Balances, January 1</i>	3,888	3,888
<i>Fund Cash Balances, December 31</i>	\$3,888	\$3,888

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

**THIS PAGE INTENTIONALLY LEFT BLANK.**

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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 District Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

**3. Debt Service Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. 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.

Road Note Retirement Fund - This fund receives property tax revenue to pay the Tax Anticipation Note which was issued by the Township during fiscal year 2015.

**4. Internal Service Fund**

This fund accounts for services provided by one department to other departments of the government unit. The Township had the following Internal Service Fund:

Self-funded Insurance Medical Fund - This fund receives insurance premium payments from other funds to pay medical claims of employees enrolled in the Dental and Vision plans.

**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. Appropriations lapse at year end.

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**E. Budgetary Process (Continued)**

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 2015 and 2014 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.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**F. Fund Balance (Continued)**

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

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

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

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

	2015	2014
Demand deposits	\$1,008,431	\$223,514
Total deposits	1,008,431	223,514
STAR Ohio	7,028	7,017
Corporate Bonds	932,753	1,496,663
Total investments	939,781	1,503,680
Total deposits and investments	\$1,948,212	\$1,727,194

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

**Investments:** The Township holds investments in Corporate Bonds in the Township's Key Bank money market account. The bonds are eligible investments as defined by Ohio Revised Code § 135.14 and received the highest rating possible with both Moody's and Standards and Poor's rating system. Additionally, the Township maintains investments in Star Ohio.

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$825,403	\$1,284,746	\$459,343
Special Revenue	9,147,418	8,930,121	(217,297)
Debt Service	320,933	320,932	(1)
Internal Service	794,404	59,162	(735,242)
Total	\$11,088,158	\$10,594,961	(\$493,197)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,509,321	\$916,884	\$592,437
Special Revenue	10,183,016	9,076,965	1,106,051
Debt Service	320,933	320,932	1
Internal Service	802,080	59,162	742,918
Total	\$12,815,350	\$10,373,943	\$2,441,407

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$416,228	\$542,870	\$126,642
Special Revenue	6,447,459	6,706,683	259,224
Debt Service	128,863	128,863	0
Internal Service	838,846	57,222	(781,624)
Total	\$7,831,396	\$7,435,638	(\$395,758)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,316,941	\$1,009,634	\$307,307
Special Revenue	8,124,070	7,085,325	1,038,745
Debt Service	128,863	128,863	0
Internal Service	842,734	57,222	785,512
Total	\$10,412,608	\$8,281,044	\$2,131,564

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**4. PROPERTY TAX**

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

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

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, 2015 was as follows:

		Interest Rate
Police Building Note	\$155,000	4.74%
Park Improvement Note	240,625	5.47%
Tax Anticipation Note	900,000	2.25%
Total	\$1,295,625	

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

	Police Building Note	Park Improvement Note	Tax Anticipation Note
Year ending December 31:			
2016	\$85,518	\$47,068	\$378,225
2017	82,844	45,186	370,125
2018	0	43,306	182,025
2019	0	41,426	0
2020	0	39,546	0
2021-2025	0	73,452	0
Total	\$168,362	\$289,984	\$930,375

With respect to the Tax Anticipation note, which was issued during 2015, the Township irrevocably pledged the proceeds of 1.00 Mil Road Improvement Levy, as approved by electors on May 6, 2014, for repayment of the principal and interest of the issued noted.

**6. DEFINED BENEFIT PENSION PLANS**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - Township employees, other than full-time firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
<b>2015 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0	*	**
<b>2015 Actual Contribution Rates</b>			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
<b>Total Employer</b>	<b>14.0 %</b>	<b>18.1 %</b>	<b>18.1 %</b>
<b>Employee</b>	<b>10.0 %</b>	<b>12.0 %</b>	<b>13.0 %</b>
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.			
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.			

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township has paid all contributions required through December 31, 2015.

**Plan Description – Ohio Police & Fire Pension Fund (OPF)**

Plan Description - Township full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

	Firefighters	
<b>2015 Statutory Maximum Contribution Rates</b>		
Employer	24.00	%
Employee:		
January 1, 2015 through July 1, 2015	11.50	%
July 2, 2015 through December 31, 2015	12.25	%
<b>2015 Actual Contribution Rates</b>		
Employer:		
Pension	23.50	%
Post-employment Health Care Benefits	0.50	
<b>Total Employer</b>	<b>24.00</b>	<b>%</b>
Employee:		
January 1, 2015 through July 1, 2015	11.50	%
July 2, 2015 through December 31, 2015	12.25	%

Employer contribution rates are expressed as a percentage of covered payroll. The Township has paid all contributions required through December 31, 2015.

**7. RISK MANAGEMENT**

**Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), 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, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$85,660.

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>2015</u>	<u>2014</u>
\$161,622	\$162,144

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.

**Self-Insurance**

The Township is also self-insured for employee vision and dental coverage. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on estimated claims costs determined by the Township.

**PERRY TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**8. CONTINGENT LIABILITIES**

The Township is currently not party to any claim 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.



# Dave Yost • Auditor of State

## 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 the cash balances, receipts, and disbursements by fund type of Perry Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated October 31, 2016 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) 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.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

October 31, 2016



# 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  
NOVEMBER 29, 2016**