



PERKINS TOWNSHIP
ERIE COUNTY

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INDEPENDENT AUDITOR'S REPORT

Perkins Township
Erie County
2610 Columbus Avenue
Sandusky, Ohio 44870

To the Board of Trustees:

Report on the Audit of the Financial Statements

Adverse, Qualified, and Unmodified Opinions

We have audited the financial statements of Perkins Township, Erie County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements.

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, Qualified, and Unmodified Opinions* section of our report, the accompanying financial statements 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, 2024 and 2023, or the changes in financial position thereof for the years then ended.

Qualified Opinion on Special Revenue Fund Type As Of and For the Year Ended December 31, 2023

In our opinion, except for the possible effects of the matter described in the *Basis for Adverse, Qualified, and Unmodified Opinions* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the Special Revenue fund type as of and for the year ended December 31, 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Unmodified Opinion on Regulatory Basis of Accounting for the Governmental and Fiduciary Fund Types As of and For the Year Ended December 31, 2024 and for the General, Debt Service, Capital Projects, and Fiduciary Fund Types As Of and For the Year Ended December 31, 2023

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2024 and for the General, Debt Service, and Capital Projects fund types and the fiduciary fund type combined total as of and for the year ended December 31, 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Basis for Adverse, Qualified, and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Matter Giving Rise to Qualified Opinion on Special Revenue Fund Type

The Township has outsourced the processing of emergency medical services (EMS) billings to a third-party administrator. The financial statements report EMS billing receipts as charges for services in the Fire & Rescue, Ambulance & EMS Fund (a Special Revenue Fund). The third-party administrator did not provide us with information we requested regarding the design or proper operation of its internal controls via a SOC 1 report for the year ended December 31, 2023. We were therefore unable to obtain sufficient appropriate audit evidence about the proper processing of emergency medical services billings. Those billings and subsequent receipts represent six percent of cash receipts reported in the Special Revenue Fund Type for the year ended December 31, 2023. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

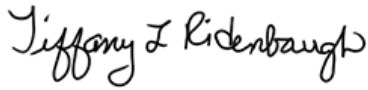
- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink, reading "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 18, 2025

Perkins Township
Erie County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2024

| | General | Special Revenue | Debt Service | Capital Projects | Combined Total |
|---|--------------------|----------------------------|-------------------------|-----------------------------|---------------------------|
| Cash Receipts | | | | | |
| Property and Other Local Taxes | \$1,948,443 | \$8,175,167 | | | \$10,123,610 |
| Charges for Services | | 799,215 | | | 799,215 |
| Licenses, Permits, and Fees | 628,391 | 93,384 | | | 721,775 |
| Fines, Forfeitures and Settlements | | 40,984 | | | 40,984 |
| Intergovernmental | 333,985 | 964,565 | | | 1,298,550 |
| Special Assessments | 29,052 | 65,672 | | | 94,724 |
| Earnings on Investments | 511,134 | 11,813 | | | 522,947 |
| Miscellaneous | 155,488 | 224,711 | | \$150,000 | 530,199 |
| <i>Total Cash Receipts</i> | <u>3,606,493</u> | <u>10,375,511</u> | | <u>150,000</u> | <u>14,132,004</u> |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| General Government | 1,640,183 | | | | 1,640,183 |
| Public Safety | | 7,462,788 | | 8,632 | 7,471,420 |
| Public Works | 16,451 | 2,310,085 | | | 2,326,536 |
| Health | | 63,073 | | | 63,073 |
| Conservation-Recreation | 394,330 | 180,826 | | | 575,156 |
| Other | 12,954 | | | | 12,954 |
| Capital Outlay | 260,004 | 244,412 | | 43,593 | 548,009 |
| Debt Service: | | | | | |
| Principal Retirement | | 78,850 | \$384,841 | 27,500 | 491,191 |
| Interest and Fiscal Charges | | 3,487 | 23,020 | | 26,507 |
| <i>Total Cash Disbursements</i> | <u>2,323,922</u> | <u>10,343,521</u> | <u>407,861</u> | <u>79,725</u> | <u>13,155,029</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>1,282,571</u> | <u>31,990</u> | <u>(407,861)</u> | <u>70,275</u> | <u>976,975</u> |
| Other Financing Receipts (Disbursements) | | | | | |
| Sale of Capital Assets | | | | 29,747 | 29,747 |
| Transfers In | | 568,185 | 407,855 | 1,577,553 | 2,553,593 |
| Transfers Out | (2,226,052) | (327,541) | | | (2,553,593) |
| Advances In | 9,376 | | | | 9,376 |
| Advances Out | | (9,376) | | | (9,376) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(2,216,676)</u> | <u>231,268</u> | <u>407,855</u> | <u>1,607,300</u> | <u>29,747</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(934,105)</u> | <u>263,258</u> | <u>(6)</u> | <u>1,677,575</u> | <u>1,006,722</u> |
| <i>Fund Cash Balances, January 1</i> | <u>4,140,681</u> | <u>6,710,264</u> | <u>11</u> | <u>2,847,604</u> | <u>13,698,560</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$3,206,576</u> | <u>\$6,973,522</u> | <u>\$5</u> | <u>\$4,525,179</u> | <u>\$14,705,282</u> |

See accompanying notes to the financial statements

Perkins Township
Erie County
Combined Statement of Additions, Deductions,
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2024

| | Custodial |
|---|----------------------------|
| | Other Custodial |
| Additions | |
| Amounts Received as Fiscal Agent | \$20 |
| Deductions | |
| Distributions to Other Governments | 1,683 |
| <i>Net Change in Fund Cash Balances</i> | (1,663) |
| <i>Fund Cash Balances, January 1</i> | 7,172 |
| <i>Fund Cash Balances, December 31</i> | <u>\$5,509</u> |

See accompanying notes to the financial statements

Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Perkins Township, Erie County, Ohio (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance, parks and recreation activities, police and fire protection, and emergency medical services. The Township contracts with the Erie County Sheriff's Department to provide dispatch services for the police, fire, and emergency medical services departments.

Jointly Governed Organization and Public Entity Risk Pool

The Township participates in one public entity risk pool and one jointly governed organization. Notes 6 and 12 to the financial statements provide additional information for these entities.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) for the fiduciary fund type which are all organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 Fund The Police Fund receives property tax money for police protection services.

Fire & Rescue, Ambulance & EMS Fund The Fire & Rescue, Ambulance & EMS Fund receives property tax money and EMS collections for the maintenance of fire apparatus, buildings, water, supplies, payment of firefighters/EMS/paramedics, and to operate emergency medical services.

Debt Service Funds These funds account for and report financial resources that are assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Debt Service - Road Reconditioning TAN Fund The Debt Service - Road Reconditioning TAN Fund pays the debt service associated with Tax Anticipation Notes used to complete major road paving projects in 2024. The notes will be paid off over five years to correspond with the terms of the Road Reconditioning Levy.

Capital Projects Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Projects Funds:

OPWC W. Strub Road Fund The Township received a loan from the state for capital improvements. The proceeds are restricted for capital improvement.

Capital Projects - Sidewalks Fund This fund accounts for activity related to sidewalk projects. The revenue in this fund is a transfer from General Fund. The revenues are committed for capital improvement.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. The Township did not have any private purpose trust or investment trust funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's custodial funds account for drug law forfeitures collected from potential drug cases that are placed in escrow, fire trust funds, and a dental and vision clearing account. In the case of escrow and fire trust funds, once the case is adjudicated the monies are distributed according to the court order and insurance company.

Basis of Accounting

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(C). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Budgetary Process

The Ohio Revised Code requires each fund (except certain custodial funds) be budgeted annually.

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. Unencumbered appropriations lapse at year end.

Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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 approve estimated resources.

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 2024 budgetary activity appears in Note 3.

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.

The Township's investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

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.

Leases

The Township is the lessee in various leases (as defined by GASB 87) related to buildings and other equipment under noncancelable leases. Lease disbursements are recognized when they are paid.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2024, distributions of \$41,018 are reflected as fines, forfeitures and settlements revenue in the One Ohio Opioid Settlement Special Revenue Fund in the accompanying financial statements.

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:

Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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.

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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the General Fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2024 follows:

| Fund Type | 2024 Budgeted vs. Actual Receipts | | Variance |
|------------------|-----------------------------------|---------------------|------------------|
| | Budgeted Receipts | Actual Receipts | |
| General | \$1,921,603 | \$3,606,493 | \$1,684,890 |
| Special Revenue | 10,125,735 | 10,943,696 | 817,961 |
| Debt Service | 407,855 | 407,855 | |
| Capital Projects | 3,927,553 | 1,757,300 | (2,170,253) |
| Total | <u>\$16,382,746</u> | <u>\$16,715,344</u> | <u>\$332,598</u> |

Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2024

| 2024 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|-------------------------|------------------------|--------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$6,037,867 | \$4,657,336 | \$1,380,531 |
| Special Revenue | 15,322,366 | 12,342,471 | 2,979,895 |
| Debt Service | 407,862 | 407,861 | 1 |
| Capital Projects | 1,214,435 | 289,079 | 925,356 |
| Total | <u>\$22,982,530</u> | <u>\$17,696,747</u> | <u>\$5,285,783</u> |

Note 4 - Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

| | 2024 |
|--|---------------------|
| <i>Cash Management Pool (the Pool):</i> | |
| Demand deposits | \$3,206,583 |
| Certificates of deposit | 2,591,923 |
| Other time deposits (savings accounts) | 466,794 |
| Total deposits | <u>6,265,300</u> |
| STAR Ohio | 8,445,491 |
| Total carrying amount of deposits and investments held in the Pool | <u>\$14,710,791</u> |

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2024 the Township is holding \$33,454 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Township, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 5 - Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31.

Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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.

Note 6 - Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability
- Automobile Liability
- Automobile Physical Damage
- Public Officials Liability
- Property and Inland Marine
- Law Enforcement Liability
- Fidelity and Crime
- Employment Practices Liability
- Cyber Breach and Liability

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | <u>2024</u> |
|-----------------------|--------------|
| Cash and investments | \$32,822,076 |
| Actuarial liabilities | \$12,568,762 |

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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 (OPERS - G). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS - LE members contributed 13 percent of their gross salaries, and the Township contributed an amount equaling 18.1 percent of participants' gross salaries. OPERS - G members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of the participants' gross salaries. The Township has paid all contributions required through December 31, 2024.

Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Ohio Police and Fire Retirement System

The Township's certified full-time fire fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2024.

Social Security

Effective May 4, 1992, all part-time fire fighters hired after this date contribute to Social Security along with other non-pensionable employees. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2024.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2024, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2024, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

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Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 9 - Debt

Debt outstanding at December 31, 2024 was as follows:

| | Principal | Interest Rate |
|---|------------------|---------------|
| OPWC - Strub Road | \$27,500 | 0.00% |
| Axon Enterprises - Police Body Cam Lease | 136,695 | N/A |
| Axon Enterprises - Police In Car Cam Leases | 12,837 | N/A |
| Community National Bank SCBA Lease | 92,888 | 2.85% |
| First National Bank - TAN | 317,000 | 3.75% |
| Total | <u>\$586,920</u> | |

The Township received a \$275,000 interest free loan through the Ohio Public Works Commission (OPWC) in accordance with Ohio Rev. Code Section 164.05 for West Strub Road Pavement Improvements. The loan is interest free and will be repaid in semiannual installments of \$13,750 with the final payment in January 2026.

In 2021 the Township issued Tax Anticipation Notes (TAN) through First National Bank for \$1,500,001 to fund major road construction projects. The TAN are secured by Road Reconditioning Levy funds and will be paid off in five years.

Financed Purchases

In 2021 the Township entered into a \$194,560 lease-purchase with Axon Enterprises in accordance with Ohio Rev. Code 505.267. This agreement was to finance the purchase of an in-car camera system and maintenance plan for the Police Department. This is a five-year lease with annual payments of \$38,912. Inability to deliver equipment has resulted in a one year delay in the payment schedule with the final payment in 2026.

In 2021 the Township entered into a \$229,228 lease-purchase with Community National Bank in accordance with Ohio Rev. Code 505.267. This agreement was to finance the purchase of SCBA equipment for the Fire Department. This is a seven-year lease with annual payments of \$32,747 ending in 2027.

In 2022 the Township entered into a \$154,741 lease-purchase agreement with Axon Enterprises in accordance with Ohio Rev. Code 505.267. This agreement was to finance the purchase of in-car camera systems for the Police Department. This is a five-year lease with annual payments of \$30,948 ending in 2027.

In 2022 the Township entered into a \$25,930 lease-purchase with Axon Enterprises in accordance with Ohio Rev. Code 505.267. This agreement was to finance the purchase of a body camera system and maintenance plan for the Police Department. This is a five-year lease with annual payments of \$6,418 ending in 2026.

Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2024

In 2023, the township entered into an agreement with Axon Enterprises for \$11,020. The agreement was to finance the purchase of an in-car camera for the police department. The lease is a two year lease starting in 2023 with annual payments of \$4,816 plus a true up payment of \$1,390 ending in 2024.

Amortization

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

| Year Ending December 31: | OPWC - Strub Road | First National Bank TAN | Leases |
|-----------------------------|----------------------|----------------------------|------------------|
| 2025 | \$27,500 | \$325,925 | \$109,025 |
| 2026 | | | 109,025 |
| 2027 | | | 32,747 |
| Total | <u>\$27,500</u> | <u>\$325,925</u> | <u>\$250,797</u> |

Note 10 - Construction and Contractual Commitments

The Township has several construction and road paving projects, several of which were started or awarded in 2024 or before with work to continue in 2025. Purchase orders are in place for these projects.

At December 31, 2024 the American Rescue Plan Fund has outstanding encumbrances in the amount of \$1,118,736 associated with commitments related to the construction of the new fire hall.

Note 11 - Contingent Liabilities

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

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.

Note 12 - Jointly Governed Organization

Sand Hill Cemetery Association

Perkins, Groton, Oxford, and Margaretta townships each appoint a member to the Board of Trustees of Sand Hill Cemetery Association (the Cemetery Association). The Cemetery Association provides grounds maintenance, opening and closing of graves, and the sale of lots. The Township contributed \$4,000 to the Cemetery Association during 2024.

Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 13 - Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

| <u>Fund Balances</u> | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Total</u> |
|--------------------------|------------------|----------------------------|-----------------------------|--------------------|
| Nonspendable: | | | | |
| Unclaimed Monies | \$3,181 | | | \$3,181 |
| Outstanding Encumbrances | 107,362 | \$1,671,409 | \$209,354 | 1,988,125 |
| Total | <u>\$110,543</u> | <u>\$1,671,409</u> | <u>\$209,354</u> | <u>\$1,991,306</u> |

The fund balance of Special Revenue funds is either restricted or committed. The fund balance of Debt Service funds and Capital Projects funds is restricted, committed, or assigned. These restricted, restricted committed, and assigned amounts in the Special Revenue and Capital Projects funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

Note 14 - Miscellaneous Receipts

Capital Projects Fund Type miscellaneous receipts consisted primarily of proceeds from payments in lieu of taxes.

Note 15 – Subsequent Events

On June 18, 2025, the Township entered into the Fire Facilities Bond placement agreement in the amount of \$8 million with a maturity date of December 2034.

Perkins Township
Erie County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

| | General | Special Revenue | Debt Service | Capital Projects | Combined Total |
|---|--------------------|----------------------------|-------------------------|-----------------------------|---------------------------|
| Cash Receipts | | | | | |
| Property and Other Local Taxes | \$1,899,910 | \$8,009,644 | | | \$9,909,554 |
| Charges for Services | 2,440 | 688,104 | | | 690,544 |
| Licenses, Permits, and Fees | 449,332 | 92,153 | | | 541,485 |
| Fines and Forfeitures | | 26,744 | | | 26,744 |
| Intergovernmental | 345,342 | 1,263,142 | | \$213,584 | 1,822,068 |
| Special Assessments | 26,614 | 45,397 | | | 72,011 |
| Earnings on Investments | 422,529 | 12,497 | | | 435,026 |
| Miscellaneous | 132,392 | 74,594 | | | 206,986 |
| <i>Total Cash Receipts</i> | <u>3,278,559</u> | <u>10,212,275</u> | | <u>213,584</u> | <u>13,704,418</u> |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| General Government | 1,581,042 | | | | 1,581,042 |
| Public Safety | | 7,066,958 | | | 7,066,958 |
| Public Works | 14,124 | 2,152,556 | | | 2,166,680 |
| Health | | 139,639 | | | 139,639 |
| Conservation-Recreation | 417,828 | 154,405 | | | 572,233 |
| Other | 7,739 | | | | 7,739 |
| Capital Outlay | | 84,555 | | 460,580 | 545,135 |
| Debt Service: | | | | | |
| Principal Retirement | | 142,249 | \$370,174 | 27,500 | 539,923 |
| Interest and Fiscal Charges | | 4,299 | 36,062 | | 40,361 |
| <i>Total Cash Disbursements</i> | <u>2,020,733</u> | <u>9,744,661</u> | <u>406,236</u> | <u>488,080</u> | <u>12,659,710</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>1,257,826</u> | <u>467,614</u> | <u>(406,236)</u> | <u>(274,496)</u> | <u>1,044,708</u> |
| Other Financing Receipts (Disbursements) | | | | | |
| Sale of Capital Assets | | | | 23,376 | 23,376 |
| Transfers In | | 647,000 | 406,237 | 2,686,000 | 3,739,237 |
| Transfers Out | (3,412,382) | (326,855) | | | (3,739,237) |
| Advances In | 50,000 | 50,000 | | | 100,000 |
| Advances Out | (50,000) | (50,000) | | | (100,000) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(3,412,382)</u> | <u>320,145</u> | <u>406,237</u> | <u>2,709,376</u> | <u>23,376</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(2,154,556)</u> | <u>787,759</u> | <u>1</u> | <u>2,434,880</u> | <u>1,068,084</u> |
| <i>Fund Cash Balances, January 1</i> | <u>6,295,237</u> | <u>5,922,505</u> | <u>10</u> | <u>412,724</u> | <u>12,630,476</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$4,140,681</u> | <u>\$6,710,264</u> | <u>\$11</u> | <u>\$2,847,604</u> | <u>\$13,698,560</u> |

See accompanying notes to the financial statements

Perkins Township
Erie County
Combined Statement of Additions, Deductions,
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2023

| | Custodial |
|---|----------------------------|
| | Other Custodial |
| Deductions | |
| Distributions to Other Governments | \$907 |
| <i>Net Change in Fund Cash Balances</i> | (907) |
| <i>Fund Cash Balances, January 1</i> | 8,079 |
| <i>Fund Cash Balances, December 31</i> | \$7,172 |

See accompanying notes to the financial statements

Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Perkins Township, Erie County, Ohio (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance, parks and recreation activities, police and fire protection, and emergency medical services. The Township contracts with the Erie County Sheriff's Department to provide dispatch services for the police, fire, and emergency medical services departments.

Jointly Governed Organization and Public Entity Risk Pool

The Township participates in one public entity risk pool and one jointly governed organization. Notes 7 and 13 to the financial statements provide additional information for these entities.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) for the fiduciary fund type which are all organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 Fund The Police Fund receives property tax money for police protection services.

Fire & Rescue, Ambulance & EMS Fund The Fire & Rescue, Ambulance & EMS Fund receives property tax money and EMS collections for the maintenance of fire apparatus, buildings, water, supplies, payment of firefighters/EMS/paramedics, and to operate emergency medical services.

Debt Service Funds These funds account for and report financial resources that are assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Debt Service - Road Reconditioning TAN Fund The Debt Service - Road Reconditioning TAN Fund pays the debt service associated with Tax Anticipation Notes used to complete major road paving projects in 2023. The notes will be paid off over five years to correspond with the terms of the Road Reconditioning Levy.

Capital Projects Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Projects Funds:

Capital Projects - SRTS Fund The Township received a federal grant for capital improvements. The proceeds are restricted for capital improvement.

Capital Projects - Sidewalks Fund This fund accounts for activity related to sidewalk projects. The revenue in this fund is a transfer from General Fund. The revenues are committed for capital improvement.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. The Township did not have any private purpose trust of investment trust funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's custodial funds account for drug law forfeitures collected from potential drug cases that are placed in escrow, fire trust funds, and a dental and vision clearing account. In the case of escrow and fire trust funds, once the case is adjudicated the monies are distributed according to the court order and insurance company.

Basis of Accounting

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(C). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Budgetary Process

The Ohio Revised Code requires each fund (except certain custodial funds) be budgeted annually.

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. Unencumbered appropriations lapse at year end.

Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 approve estimated resources.

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 2023 budgetary activity appears in Note 3.

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.

The Township's investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

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.

Leases

The Township is the lessee in various leases (as defined by GASB 87) related to buildings and other equipment under noncancelable leases. Lease disbursements are recognized when they are paid.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$19,852 are reflected as fines, forfeitures and settlements revenue in the One Ohio Opioid Settlement Special Revenue Fund in the accompanying financial statements.

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:

Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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.

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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the General Fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2023 follows:

| Fund Type | 2023 Budgeted vs. Actual Receipts | | |
|------------------|-----------------------------------|---------------------|-----------------|
| | Budgeted Receipts | Actual Receipts | Variance |
| General | \$3,219,986 | \$3,278,559 | \$58,573 |
| Special Revenue | 10,899,507 | 10,859,275 | (40,232) |
| Debt Service | 406,255 | 406,237 | (18) |
| Capital Projects | 2,905,472 | 2,922,960 | 17,488 |
| Total | <u>\$17,431,220</u> | <u>\$17,467,031</u> | <u>\$35,811</u> |

Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2023

| 2023 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|--------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$7,410,216 | \$5,582,752 | \$1,827,464 |
| Special Revenue | 13,917,337 | 10,635,318 | 3,282,019 |
| Debt Service | 406,237 | 406,236 | 1 |
| Capital Projects | 591,550 | 499,438 | 92,112 |
| Total | <u>\$22,325,340</u> | <u>\$17,123,744</u> | <u>\$5,201,596</u> |

Note 4 - Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

| | 2023 |
|--|---------------------|
| <i>Cash Management Pool (the Pool):</i> | |
| Demand deposits | \$3,162,195 |
| Certificates of deposit | 2,475,742 |
| Other time deposits (savings accounts) | 671,570 |
| Total deposits | <u>6,309,507</u> |
| STAR Ohio | 7,396,225 |
| Total carrying amount of deposits and investments held in the Pool | <u>\$13,705,732</u> |

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023 the Township is holding \$54,104 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Township, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 5 - Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31.

Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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.

Note 6 - Interfund Balances

Outstanding advances at December 31, 2023 consisted of \$9,376 advanced from the General Fund to the Police DOJ Grant Fund to provide working capital for operations or projects.

Note 7 - Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law Enforcement Liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | <u>2023</u> |
|-----------------------|--------------|
| Cash and investments | \$33,494,457 |
| Actuarial liabilities | \$10,885,549 |

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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 (OPERS - G). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Ohio Revised Code also prescribes contribution rates. OPERS - LE members contributed 13 percent of their gross salaries, and the Township contributed an amount equaling 18.1 percent of participants' gross salaries. OPERS - G members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of the participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

The Township's certified full-time fire fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2023.

Social Security

Effective May 4, 1992, all part-time fire fighters hired after this date contribute to Social Security along with other non-pensionable employees. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 10 - Debt

Debt outstanding at December 31, 2023 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|---|--------------------|----------------------|
| Ground Lease Agreement | \$77,841 | 2.75% |
| OPWC - Strub Road | 55,000 | 0.00% |
| Axon Enterprises - Police Body Cam Lease | 203,474 | N/A |
| Axon Enterprises - Police In Car Cam Leases | 19,255 | N/A |
| Community National Bank SCBA Lease | 122,148 | 2.85% |
| First National Bank - TAN | 624,000 | 3.75% |
| Total | <u>\$1,101,718</u> | |

The Township received a \$275,000 interest free loan through the Ohio Public Works Commission (OPWC) in accordance with Ohio Rev. Code Section 164.05 for West Strub Road Pavement Improvements. The loan is interest free and will be repaid in semiannual installments of \$13,750 with the final payment in January 2026.

In 2021 the Township issued Tax Anticipation Notes (TAN) through First National Bank for \$1,500,001 to fund major road construction projects. The TAN are secured by Road Reconditioning Levy funds and will be paid off in five years.

Financed Purchases

The Ground Lease Agreement was entered into in June 2015. The proceeds of the agreement were used to retire a lease-purchase agreement with Ohio Township Association (OTA) that had been entered into in order to refinance a bond anticipation note issued for the construction of the Township complex and Fire Station. The Township will make semi-annual payments which commenced December 2015 through December 2024.

In 2021 the Township entered into a \$194,560 lease-purchase with Axon Enterprises in accordance with Ohio Rev. Code 505.267. This agreement was to finance the purchase of an in-car camera system and maintenance plan for the Police Department. This is a five-year lease with annual payments of \$38,912. Inability to deliver equipment has resulted in a one year delay in the payment schedule with the final payment in 2026.

In 2021 the Township entered into a \$229,228 lease-purchase with Community National Bank in accordance with Ohio Rev. Code 505.267. This agreement was to finance the purchase of SCBA equipment for the Fire Department. This is a seven-year lease with annual payments of \$32,747 ending in 2027. The January 1, 2023 outstanding balance has been restated from \$163,734 to \$150,596 based on confirmation from the lending company.

Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2023

In 2022 the Township entered into a \$154,741 lease-purchase agreement with Axon Enterprises in accordance with Ohio Rev. Code 505.267. This agreement was to finance the purchase of in-car camera systems for the Police Department. This is a five-year lease with annual payments of \$30,948 ending in 2027.

In 2022 the Township entered into a \$25,930 lease-purchase with Axon Enterprises in accordance with Ohio Rev. Code 505.267. This agreement was to finance the purchase of a body camera system and maintenance plan for the Police Department. This is a five-year lease with annual payments of \$6,418 ending in 2026.

In 2023 the Township entered into a \$11,020 lease-purchase agreement with Axon Enterprises in accordance with Ohio Rev. Code 505.267. This agreement was to finance the purchase of in-car camera systems for the Police Department. This is a two-year lease with annual payments of \$4,816 plus a true up payment of \$1,390 ending in 2024.

Amortization

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

| Year Ending December 31: | Ground Lease Agreement | OPWC - Strub Road | First National Bank TAN | Leases |
|-----------------------------|---------------------------|----------------------|----------------------------|------------------|
| 2024 | \$79,982 | \$27,500 | \$327,550 | \$115,230 |
| 2025 | | 27,500 | 325,925 | 109,025 |
| 2026 | | | | 109,025 |
| 2027 | | | | 32,747 |
| Total | <u>\$79,982</u> | <u>\$55,000</u> | <u>\$653,475</u> | <u>\$366,027</u> |

Note 11 - Construction and Contractual Commitments

The Township has several construction and road paving projects, several of which were started or awarded in 2023 or before with work to continue in 2024. Purchase orders are in place for these projects.

Note 12 - Contingent Liabilities

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

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.

Perkins Township
Erie County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 13 - Jointly Governed Organization

Sand Hill Cemetery Association

Perkins, Groton, Oxford, and Margaretta townships each appoint a member to the Board of Trustees of Sand Hill Cemetery Association (the Cemetery Association). The Cemetery Association provides grounds maintenance, opening and closing of graves, and the sale of lots. The Township contributed \$4,000 to the Cemetery Association during 2023.

Note 14 - Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

| <u>Fund Balances</u> | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Total</u> |
|--------------------------|------------------|----------------------------|-----------------------------|------------------|
| Nonspendable: | | | | |
| Unclaimed Monies | \$3,181 | | | \$3,181 |
| Outstanding Encumbrances | 149,637 | \$563,802 | \$11,358 | 724,797 |
| Total | <u>\$152,818</u> | <u>\$563,802</u> | <u>\$11,358</u> | <u>\$727,978</u> |

The fund balance of Special Revenue funds is either restricted or committed. The fund balance of Debt Service funds and Capital Projects funds is restricted, committed, or assigned. These restricted, committed, and assigned amounts in the Special Revenue and Capital Projects funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

Note 15 - Subsequent Events

In January 2024, the Township finalized an agreement to purchase property for the construction of a new fire station. The Board plans to use the Reserve Fund that was set up in 2023, the ARP funds, grant monies and a public offering financing agreement for the construction of the station. After the construction is completed, the properties on Campbell Street and Milan Road will be sold. The proceeds from the sales will be used to retire the debt.

On June 18, 2025, the Township entered into the Fire Facilities Bond placement agreement in the amount of \$8 million with a maturity date of December 2034.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Perkins Township
Erie County
2610 Columbus Avenue
Sandusky, Ohio 44870

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2024 and 2023 and the related notes to the financial statements of Perkins Township, Erie County, Ohio (the Township) and have issued our report thereon dated December 18, 2025, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also qualified our opinion on the Special Revenue Fund Type for the year ended December 31, 2023 because the third-party administrator did not provide us with information we requested regarding the design or proper operation of its internal controls therefore we were unable to obtain sufficient appropriate audit evidence about the proper processing of emergency medical services billings.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2024-001 and 2024-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Township's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 18, 2025

PERKINS TOWNSHIP
ERIE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2024 AND 2023

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2024-001

Material Weakness - Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

In 2024, Capital Projects Fund Type budgeted receipts were increased in the amount of \$1,600,000 in order to bring the amount reported in the Budgetary Activity note to the financial statements in line with the authorized budget amount.

This error was not identified and corrected prior to the Township preparing its financial statements and notes to the financial statements due to deficiencies in the Township's internal controls over financial statement monitoring. The failure to adequately monitor the financial statements and notes to the financial statements could allow for misstatements to occur and go undetected. The accompanying notes to the financial statements have been adjusted to correct these errors. In addition to the adjustment noted above, we also identified misstatements ranging from \$415 to \$401,109 that we have brought to the Township's attention.

The Township should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Board of Trustees, to help identify and correct errors and omissions.

Officials' Response:

Financial reports will be monitored more closely with additional time in reviewing and interpreting. Any discrepancies will be notified to the Board and Administrator and will be corrected before official reporting of the financial statements.

FINDING NUMBER 2024-002

Material Weakness - No SOC 1 Report Available

Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use or disposition.

The Township has outsourced the processing of emergency medical services (EMS) billings, which is a significant accounting function, to a third-party administrator, Change Health Care during 2023. The Township has not established procedures to determine whether this service organization has sufficient controls in place and operating effectively to reasonably assure that EMS billings have been authorized and completely and accurately processed in accordance with the contract. Attestation standard (AT-C 320) Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting, prescribes standards for reporting on service organizations.

FINDING NUMBER 2024-002
(Continued)

An unmodified Type 2 Report on Management's Description of a Service Organization's System and a Service Auditor's Report on that Description and on the Suitability of the Design and Operating Effectiveness of Controls in accordance with AT-C 320 should provide the Township with reasonable assurance that EMS billings conform to the contract.

Failing to ensure adequate controls are in place and operating effectively could result in errors occurring without detection.

The Township should require a Type 2 SOC 1 report in its contract with the third-party administrator and should review the SOC 1 report timely. The report should follow the American Institute of Certified Public Accountants' Attestation Standards and be performed by a firm registered and in good standing with the Accountancy Board of the respective state. If the third-party administrator refuses to furnish the Township with a Type 2 SOC 1 report, the Township should contract with a third-party administrator that will provide this report.

Officials' Response:

The Fire Department had contracted with Change Healthcare for a number of years related to the processing of emergency medical services (EMS) billings. Unfortunately, and with very little notice, that service provider advised the Township that it would stop providing that contracted billing service to the Township. It is the Township's understanding that this service provider's decision to end billing services also affected many other communities that had also contracted for those services.

As a result of Change Healthcare's decision, the Board of Trustees, at a meeting on April 9, 2024, adopted Resolution 2024-54 authorizing a contract with Medicount Management, Inc. for emergency medical billing services. Medicount Management, Inc. has been responsive to all Township requests to date. And please be advised that the Township intends to require that Medicount Management, Inc. provide a Type 2 SOC 1 Report to the Township, and it is noted that monthly reports will continue to be reviewed by the Fire Department and Administrative staff in a timely manner.

Lastly, it is noted that the Fire Captain is very diligent in reviewing billing statements and collections, and the Fire Department intends to continue to carefully monitor the same. The Township trusts that this is the information is helpful in explaining the absence of a SOC 1 Report for our previous billing service.

OHIO AUDITOR OF STATE KEITH FABER



PERKINS TOWNSHIP

ERIE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 1/20/2026

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov