

VILLAGE OF PERRY

PERRY, OHIO

FINANCIAL STATEMENTS

DECEMBER 31, 2002 and 2001



**Auditor of State
Betty Montgomery**

The Honorable Lee Lydic
and Members of the Village Council
Village of Perry
Perry, Ohio

We have reviewed the Independent Auditor's Report of the Village of Perry, Lake County, prepared by S.R. Snodgrass, A.C., for the audit period January 1, 2001 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

April 17, 2003

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**VILLAGE OF PERRY
LAKE COUNTY, OHIO
DECEMBER 31, 2002 and 2001**

Table of Contents


	<u>Page Number</u>
Report of Independent Accountants	3
Financial Statements:	
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Funds for the Year Ended December 31, 2002	4
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Funds for the Year Ended December 31, 2001	5
Notes to Financial Statements	6 - 10
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11

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SNODGRASS

Certified Public Accountants and Consultants

Report of Independent Accountants



The Honorable Lee Lydic
and Members of Village of Perry Council
Lake County
P.O. Box 100
3758 Center Road
Perry, OH 44081

We have audited the accompanying financial statements of the Village of Perry, Lake County, Ohio (the "Village") as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in the notes to the financial statements, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Perry, Lake County, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in the notes to the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 4, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the Village Council, management and Auditor of State of Ohio and other officials authorized to receive this report under Section 117.26, Ohio Revised Code and is not intended and should not be used by anyone other than these specific parties.

S.R. Snodgrass, A.C.

Mentor, Ohio
February 4, 2003

VILLAGE OF PERRY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	General Fund	Special Revenue Fund	Capital Projects Fund	Agency Fund	Total (Memorandum Only)
CASH RECEIPTS					
Local taxes	\$ 562,558	\$ 35,836	\$ 15,121	\$ -	\$ 613,515
Intergovernmental	265,913	85,669	-	-	351,582
Special assessments	-	18,858	-	-	18,858
Fines and forfeits	8,895	135	-	-	9,030
Fees, licenses and permits	2,365	1,610	-	-	3,975
Interest	8,646	-	-	-	8,646
Miscellaneous	11,582	-	-	13,543	25,125
Total cash receipts	<u>859,959</u>	<u>142,108</u>	<u>15,121</u>	<u>13,543</u>	<u>1,030,731</u>
CASH DISBURSEMENTS					
Security of person and property	213,829	33,920	-	-	247,749
Public health services	5,534	35,005	-	-	40,539
Transportation	61,272	12,967	-	-	74,239
Fringe benefits	3,244	-	-	-	3,244
Material and supplies	259,159	35,460	-	-	294,619
Contractual services	49,833	69,374	-	-	119,207
Personal services	25,072	-	-	-	25,072
General government	77,930	-	-	-	77,930
Intergovernmental	94,175	-	-	-	94,175
Debt service					
Principal	50,000	-	-	-	50,000
Interest	2,000	-	-	-	2,000
Miscellaneous	-	-	-	13,500	13,500
Total program disbursements	<u>842,048</u>	<u>186,726</u>	<u>-</u>	<u>13,500</u>	<u>1,042,274</u>
Total receipts over (under) program disbursements	<u>17,911</u>	<u>(44,618)</u>	<u>15,121</u>	<u>43</u>	<u>(11,543)</u>
OTHER FINANCING RECEIPTS (DISBURSEMENTS)					
Sale of fixed assets	2,060	-	-	-	2,060
Advance repayment	-	-	(33,880)	-	(33,880)
Advance in	33,880	-	-	-	33,880
Total other financing receipts (disbursements)	<u>35,940</u>	<u>-</u>	<u>(33,880)</u>	<u>-</u>	<u>2,060</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	53,851	(44,618)	(18,759)	43	(9,483)
FUND BALANCE - BEGINNING OF YEAR	<u>832,498</u>	<u>118,565</u>	<u>18,759</u>	<u>742</u>	<u>970,564</u>
FUND BALANCE - END OF YEAR	<u>\$ 886,349</u>	<u>\$ 73,947</u>	<u>\$ -</u>	<u>\$ 785</u>	<u>\$ 961,081</u>
RESERVE FOR ENCUMBRANCES - END OF YEAR	<u>\$ 48,480</u>	<u>\$ 15,462</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,942</u>

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

VILLAGE OF PERRY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	General Fund	Special Revenue Fund	Capital Projects Fund	Agency Fund	Total (Memorandum Only)
CASH RECEIPTS					
Local taxes	\$ 470,906	\$ 34,738	\$ 158,988	\$ -	\$ 664,632
Intergovernmental	255,038	107,081	-	-	362,119
Special assessments	-	20,539	-	-	20,539
Fines and forfeits	11,377	1,720	-	-	13,097
Fees, licenses and permits	1,723	2,090	-	-	3,813
Interest	21,328	-	-	-	21,328
Miscellaneous	24,580	-	-	16,889	41,469
Total cash receipts	<u>784,952</u>	<u>166,168</u>	<u>158,988</u>	<u>16,889</u>	<u>1,126,997</u>
CASH DISBURSEMENTS					
Security of person and property	163,140	65,117	-	-	228,257
Public health services	11,649	29,391	-	-	41,040
Transportation	51,879	11,819	-	-	63,698
Fringe benefits	2,085	-	-	-	2,085
Material and supplies	253,764	17,220	-	-	270,984
Contractual services	50,496	142,423	-	-	192,919
Personal services	24,675	-	-	-	24,675
General government	82,622	-	-	-	82,622
Intergovernmental	64,828	-	-	-	64,828
Debt service					
Principal	50,000	-	-	-	50,000
Interest	8,000	-	-	-	8,000
Miscellaneous	-	-	-	17,182	17,182
Total program disbursements	<u>763,138</u>	<u>265,970</u>	<u>-</u>	<u>17,182</u>	<u>1,046,290</u>
Total receipts over (under) program disbursements	<u>21,814</u>	<u>(99,802)</u>	<u>158,988</u>	<u>(293)</u>	<u>80,707</u>
OTHER FINANCING RECEIPTS (DISBURSEMENTS)					
Sale of fixed assets	1,200	-	-	-	1,200
Transfer out	(6,985)	-	-	-	(6,985)
Transfer in	-	6,985	-	-	6,985
Advance repayment	-	(5,000)	(153,194)	-	(158,194)
Advance in	158,194	-	-	-	158,194
Total other financing receipts (disbursements)	<u>152,409</u>	<u>1,985</u>	<u>(153,194)</u>	<u>-</u>	<u>1,200</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	<u>174,223</u>	<u>(97,817)</u>	<u>5,794</u>	<u>(293)</u>	<u>81,907</u>
FUND BALANCE - BEGINNING OF YEAR	<u>658,275</u>	<u>216,382</u>	<u>12,965</u>	<u>1,035</u>	<u>888,657</u>
FUND BALANCE - END OF YEAR	<u>\$ 832,498</u>	<u>\$ 118,565</u>	<u>\$ 18,759</u>	<u>\$ 742</u>	<u>\$ 970,564</u>
RESERVE FOR ENCUMBRANCES - END OF YEAR	<u>\$ 116,521</u>	<u>\$ 6,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,644</u>

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

**VILLAGE OF PERRY
LAKE COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity – The Village of Perry, Lake County (the “Village”) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including maintenance of roads, zoning, safety services and police protection.

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

Basis of Accounting – These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

Cash and Investments – All cash is held in an interest-bearing commercial checking account and repurchase agreement valued at cost.

Fund Accounting – The Village uses fund accounting to segregate cash that is restricted as to use. The Village classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Fund

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

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Road and Bridge, Maintenance and Repair Fund – This fund receives personal property tax for constructing, repairing and maintaining Village roads and bridges.

Street Lighting Fund – This fund receives property assessment money for constructing, maintaining, repairing and operating Village street lights.

**VILLAGE OF PERRY
LAKE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following capital project fund.

Village Hall Construction Fund – Received proceeds of bond anticipation notes and municipal income tax revenue. The proceeds were used to construct a new Village Hall.

Agency Fund

Funds for which the Village of Perry is acting in an agency capacity are classified as Agency Funds. The Village reports the Mayor’s Court as an Agency Fund.

Budgetary Process - The Ohio Revised Code requires that each fund, except certain agency 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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

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

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

A summary of 2002 and 2001 budgetary activity appears in another Note.

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

Unpaid Vacation and Sick Leave – Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribed allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2002	2001
Demand deposits	\$ 749	\$ 710
Investments – repurchase agreement	960,298	969,823
Total deposits and investments	\$ 961,047	\$ 970,533

**VILLAGE OF PERRY
LAKE COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

EQUITY IN POOLED CASH AND INVESTMENTS (CONTINUED)

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

Investments – The Sweep Account is held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these activities.

BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 were as follows:

2002 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Cash Available</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,480,764	\$ 648,265	\$ 895,899	\$ 247,634
Special Revenue	264,550	145,986	142,108	(3,878)
Capital Projects	50,000	31,241	15,121	(16,120)
Total	<u>\$ 1,795,314</u>	<u>\$ 825,492</u>	<u>\$ 1,053,128</u>	<u>\$ 227,636</u>

2002 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,480,764	\$ 890,528	\$ 590,236
Special Revenue	264,550	202,188	62,362
Capital Projects	50,000	33,880	16,120
Total	<u>\$ 1,795,314</u>	<u>\$ 1,126,596</u>	<u>\$ 668,718</u>

2001 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Cash Available</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,317,638	\$ 654,364	\$ 944,346	\$ 289,982
Special Revenue	387,568	176,186	173,153	(3,033)
Capital Projects	153,194	140,229	158,988	18,759
Total	<u>\$ 1,858,400</u>	<u>\$ 970,779</u>	<u>\$ 1,276,487</u>	<u>\$ 305,708</u>

2001 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,317,638	\$ 886,644	\$ 430,994
Special Revenue	387,568	277,093	110,475
Capital Projects	153,194	153,194	--
Total	<u>\$ 1,858,400</u>	<u>\$ 1,316,931</u>	<u>\$ 541,469</u>

PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by January 20. If the property owner elects to make semiannual payment, the first half is due January 20. The second half payment is due the following June 20.

**VILLAGE OF PERRY
LAKE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

PROPERTY TAXES (CONTINUED)

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property and for billing, collecting and distributing all property taxes on behalf of the Village.

INTERFUND TRANSACTIONS

Interfund balances at December 31, 2002 consist of the following individual fund receivables and payables.

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 5,000	\$ --
Special Revenue Fund		
SRO Grant	\$ --	\$ 5,000

PROMISSORY NOTE

On August 31, 2000, the Village signed an unsecured promissory note for \$ 103,734, plus 8% interest for the purchase of land. The note was payable in annual installments of \$ 51,867 with a maturity date of August 31, 2002. At December 31, 2002, the note had been paid in full.

RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio, PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

RISK MANAGEMENT

The Village is a member of the Public Entities Pool of Ohio (the "Pool"). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

**VILLAGE OF PERRY
LAKE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT

The Village is a member of the Perry Joint Economic Development District with two other participants. This District was created to facilitate economic development to create and preserve jobs and employment opportunities. On dissolution of the District, the participants on a percentage basis will share the net assets of the District. At December 31, 2002 the District's cash balance was \$ 151,211.

SNODGRASS

Certified Public Accountants and Consultants

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Lee Lydic
and Members of Village of Perry Council
Perry, Ohio

We have audited the financial statements of the Village of Perry (the "Village") as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated February 4, 2003. In our report, our opinion referred to the financial statements being prepared on a basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated February 4, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Village in a separate letter dated February 4, 2003.

This report is intended solely for the information and use of the Village Council, management, Auditor of State of Ohio and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended and should not be used by anyone other than these specific parties.

Mentor, Ohio
February 4, 2003

S.K. Snodgrass, C.L.



**Auditor of State
Betty Montgomery**

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800-282-0370
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VILLAGE OF PERRY

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 8, 2003**