



**Auditor of State
Betty Montgomery**

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT
LAKE COUNTY**

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**Auditor of State
Betty Montgomery**

Perry Joint Economic Development District
Lake County
P.O. Box 398
Perry, Ohio 44081

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

June 20, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Perry Joint Economic Development District
Lake County
P.O. Box 398
Perry, Ohio 44081

To the Board of Directors:

We have audited the accompanying financial statements of the Perry Joint Economic Development District, Lake County, Ohio, (the District) as of and for the years ended December 31, 2004 and December 31, 2003. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require Economic Development Districts to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2004, or their changes in financial position for the year then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Perry Economic Development District, Lake County, Ohio, as of December 31, 2004 and December 31, 2003, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the year ended December 31, 2004. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

June 20, 2005

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$11,000	\$0	\$87,926	\$98,926
Earnings on Investments	1,122	0	2,378	3,500
Total Cash Receipts	<u>12,122</u>	<u>\$0</u>	<u>90,304</u>	<u>102,426</u>
Cash Disbursements:				
Contractual Services	37,894	0	0	37,894
Insurance	1,866	0	0	1,866
Capital Outlay	0	0	220,792	220,792
Payment on Financing Agreement	0	78,984	0	78,984
Legal Notices	49	0	0	49
Total Cash Disbursements	<u>39,809</u>	<u>78,984</u>	<u>220,792</u>	<u>339,585</u>
Total Receipts Over/(Under) Disbursements	<u>(27,687)</u>	<u>(78,984)</u>	<u>(130,488)</u>	<u>(237,159)</u>
Other Financing Receipts and (Disbursements):				
Transfers-In	25,000	78,984	0	103,984
Transfers-Out	0	0	(103,984)	(103,984)
Total Other Financing Receipts/(Disbursements)	<u>25,000</u>	<u>78,984</u>	<u>(103,984)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(2,687)</u>	<u>0</u>	<u>(234,472)</u>	<u>(237,159)</u>
Fund Cash Balances, January 1, 2004	<u>9,976</u>	<u>0</u>	<u>503,530</u>	<u>513,506</u>
Fund Cash Balances, December 31, 2004	<u><u>\$7,289</u></u>	<u><u>\$0</u></u>	<u><u>\$269,058</u></u>	<u><u>\$276,347</u></u>

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

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Local Taxes	\$39,226	\$61,053	\$100,279
Earnings on Investments	2,569	1,984	4,553
Total Cash Receipts	<u>41,795</u>	<u>63,037</u>	<u>104,832</u>
Cash Disbursements:			
Contractual Services	9,636	0	9,636
Insurance	1,901	0	1,901
Capital Outlay	0	380,972	380,972
Legal Notices	29	0	29
Total Cash Disbursements	<u>11,566</u>	<u>380,972</u>	<u>392,538</u>
Total Receipts Over/(Under) Disbursements	<u>30,229</u>	<u>(317,935)</u>	<u>(287,706)</u>
Other Financing Receipts and (Disbursements):			
Proceeds form Financing Agreement	0	650,000	650,000
Transfers-In	0	171,465	171,465
Transfers-Out	(171,465)	0	(171,465)
Total Other Financing Receipts/(Disbursements)	<u>(171,465)</u>	<u>821,465</u>	<u>650,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(141,236)	503,530	362,294
Fund Cash Balances, January 1, 2003	151,212		151,212
Fund Cash Balances, December 31, 2003	<u><u>\$9,976</u></u>	<u><u>\$503,530</u></u>	<u><u>\$513,506</u></u>

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

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Perry Joint Economic Development District, Lake County, Ohio, (the District) was incorporated on August 25, 2000 under the authority of Ohio Rev. Code § 715.72 through 715.83. The District was comprised of Perry Township and Perry Village. On September 12, 2002, North Perry Village became a member of the District. The District operates under an appointed five-member Board of Directors established in accordance with § 715.78 (A). The District was formed to advance, encourage and promote the industrial, economic, commercial and civic development of the area. Pursuant to § 715.74 of the Revised Code, the Board adopted a resolution to levy an income tax in the District at a rate of 1.0%.

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

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements adequately disclose material matters the Auditor of State prescribes.

C. Cash and Cash Equivalents

The District's cash and cash equivalents consist of interest-bearing checking/savings accounts and a certificate of deposit.

D. Fund Accounting

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

1. General Fund

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

2. Debt Service Fund

The Debt Service Fund is used to accumulate resources for the payments of a financing agreement with the Village of Perry.

3. Capital Project Fund

The Capital Project Fund received the proceeds from the financing agreement with the Village of Perry and is being used to account for the construction of a sewer system.

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2004	2003
Demand deposits	\$176,347	\$413,506
Certificates of deposit	100,000	100,000
Total deposits	\$276,347	\$513,506

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the District.

3. LOCAL INCOME TAX

The District levies a municipal income tax of 1% percent on substantially all earned income arising from employment, residency, or business activities within the District.

Employers within the District withhold income tax on employee compensation and remit the tax to the Central Collection Agency for the Village of Perry, which is then forwarded to the District.

4. FINANCING AGREEMENT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
Perry Village Financing Agreement	\$597,000	4.10%

The Village of Perry issued a bond anticipation note in the amount of \$650,000 on 7/1/2003 on behalf of the District. This note was issued for the purpose of financing the construction of a sewer system at the District.

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

	Financing Agreement
Year ending December 31:	
2005	\$80,477
2006	81,181
2007	80,762
2008	80,263
2009-2013	403,141
Total	\$725,824

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

5. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Errors and omissions.

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Auditor of State Betty Montgomery

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

Perry Joint Economic Development District
Lake County
P. O. Box 398
Perry, Ohio 44081

To the Board of Directors:

We have audited the financial statements of the Perry Joint Economic Development District, Lake County, Ohio, (the District) as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated June 20, 2005, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated June 20, 2005, we reported other matters involving internal control over financial reporting that we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Perry Joint Economic Development District
Lake County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management and the Board of Directors. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

June 20, 2005



**Auditor of State
Betty Montgomery**

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PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT

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
JULY 12, 2005**