



**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT
LAKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007



Mary Taylor, CPA
Auditor of State

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT
LAKE COUNTY**

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Mary Taylor, CPA

Auditor of State

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an 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.

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Mary Taylor, CPA
Auditor of State

August 4, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

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, 2008 and December 31, 2007. 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 Board 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.

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 GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and December 31, 2007, do 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, 2008 and December 31, 2007, or its changes in financial position for the years then ended.

Also in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Perry Joint Economic Development District, Lake County, Ohio, as of December 31, 2008 and December 31, 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 August 4, 2009, 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.



Mary Taylor, CPA
Auditor of State

August 4, 2009

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT
LAKE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$36,000	\$0	\$69,661	\$105,661
Sewer	0	0	14,694	14,694
Earnings on Investments	1,370	0	1,185	2,555
Total Cash Receipts	<u>37,370</u>	<u>\$0</u>	<u>85,540</u>	<u>122,910</u>
Cash Disbursements:				
Contractual Services	37,200	0	0	37,200
Insurance	2,361	0	0	2,361
Payment on Financing Agreement	0	80,261	0	80,261
Legal Notices	41	0	0	41
Total Cash Disbursements	<u>39,602</u>	<u>80,261</u>	<u>0</u>	<u>119,863</u>
Total Receipts Over/(Under) Disbursements	<u>(2,232)</u>	<u>(80,261)</u>	<u>85,540</u>	<u>3,047</u>
Other Financing Receipts and (Disbursements):				
Transfers-In	0	80,261	0	80,261
Transfers-Out	0	0	(80,261)	(80,261)
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>80,261</u>	<u>(80,261)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(2,232)</u>	<u>0</u>	<u>5,279</u>	<u>3,047</u>
Fund Cash Balances, January 1, 2008	<u>6,491</u>	<u>0</u>	<u>174,587</u>	<u>181,078</u>
Fund Cash Balances, December 31, 2008	<u><u>\$4,259</u></u>	<u><u>\$0</u></u>	<u><u>\$179,866</u></u>	<u><u>\$184,125</u></u>

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

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT
LAKE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$38,000	\$0	\$87,359	\$125,359
Earnings on Investments	5,167	0	4,919	10,086
Total Cash Receipts	<u>43,167</u>	<u>\$0</u>	<u>92,278</u>	<u>135,445</u>
Cash Disbursements:				
Contractual Services	37,852	0	100,000	137,852
Insurance	2,309	0	0	2,309
Payment on Financing Agreement	0	80,762	0	80,762
Legal Notices	60	0	0	60
Total Cash Disbursements	<u>40,221</u>	<u>80,762</u>	<u>100,000</u>	<u>220,983</u>
Total Receipts Over/(Under) Disbursements	<u>2,946</u>	<u>(80,762)</u>	<u>(7,722)</u>	<u>(85,538)</u>
Other Financing Receipts and (Disbursements):				
Transfers-In	0	80,762	0	80,762
Transfers-Out	0	0	(80,762)	(80,762)
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>80,762</u>	<u>(80,762)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>2,946</u>	<u>0</u>	<u>(88,484)</u>	<u>(85,538)</u>
Fund Cash Balances, January 1, 2007	<u>3,545</u>	<u>0</u>	<u>263,071</u>	<u>266,616</u>
Fund Cash Balances, December 31, 2007	<u><u>\$6,491</u></u>	<u><u>\$0</u></u>	<u><u>\$174,587</u></u>	<u><u>\$181,078</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, 2008 AND 2007
(Continued)**

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. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District 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. The 2008 sewer revenue came from Lake County Utilities and it was a onetime payment.

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:

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	2008	2007
Demand deposits	\$134,125	\$131,078
Certificates of deposit	50,000	50,000
Total deposits	\$184,125	\$181,078

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, 2008 was as follows:

	Principal	Interest Rate
Perry Village Financing Agreement	\$302,950	4.10%

The Village of Perry issued a bond anticipation note in the amount of \$650,000 on July 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:	
2009	\$80,262
2010	80,262
2011	80,262
2012	80,262
2013	20,101
Total	\$341,149

5. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

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

6. SUBSEQUENT EVENTS

In April, 2009 the District entered into a Land Contract with North Perry Village for the purchase of land to expand the size of the District. The purchase price is \$750,000 at an interest rate of 4%, the contract must be paid at the end of a two year period. There is an administration fee of \$25,000 due in two installments to North Perry Village.



Mary Taylor, CPA

Auditor of State

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 Trustees:

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, 2008 and December 31, 2007, and have issued our report thereon dated August 4, 2009, 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the 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*.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 4, 2009



Mary Taylor, CPA
Auditor of State

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
AUGUST 20, 2009**