



Dave Yost • Auditor of State



**PERRY AREA JOINT RECREATION BOARD  
LAKE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Perry Area Joint Recreation Board  
Lake County  
3740 Center Road  
PO Box 491  
Perry, Ohio 44081

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Perry Area Joint Recreation Board, Lake County, (the Board) as of and for the years ended December 31, 2014 and 2013.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Board's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Board prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Board as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Perry Area Joint Recreation Board, Lake County, as of December 31, 2014 and 2013, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2015, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



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

August 13, 2015

**PERRY AREA JOINT RECREATION BOARD  
LAKE COUNTY**

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

	<u>General Fund</u>
<b>Cash Receipts:</b>	
Intergovernmental	\$89,700
Member Contributions	132,225
Charges for Services	139,300
Interest	409
	<hr/>
Total Cash Receipts	361,634
	<hr/>
<b>Cash Disbursements:</b>	
Salaries and Fringe Benefits	199,143
Insurance	6,749
Supplies and Materials	54,592
Contractual Services	71,574
Miscellaneous	4,228
	<hr/>
Total Cash Disbursements	336,286
	<hr/>
Total Receipts Over/(Under) Disbursements	25,348
	<hr/>
Fund Cash Balances, January 1	203,240
	<hr/>
<b>Fund Cash Balances, December 31</b>	
Unassigned (Deficit)	228,588
	<hr/>
Fund Cash Balances, December 31	<u>\$228,588</u>

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

**PERRY AREA JOINT RECREATION BOARD  
LAKE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
THE GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General Fund</u>
<b>Cash Receipts:</b>	
Intergovernmental	\$90,480
Member Contributions	143,128
Charges for Services	141,717
Interest	446
	<hr/>
Total Cash Receipts	375,771
	<hr/>
<b>Cash Disbursements:</b>	
Salaries and Fringe Benefits	197,932
Insurance	12,677
Supplies and Materials	70,950
Contractual Services	77,991
Miscellaneous	6,586
	<hr/>
Total Cash Disbursements	366,136
	<hr/>
Total Receipts Over/(Under) Disbursements	9,635
	<hr/>
Fund Cash Balances, January 1	193,605
	<hr/>
<b>Fund Cash Balances, December 31</b>	
Unassigned (Deficit)	203,240
	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$203,240</u></u></b>

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

**PERRY AREA JOINT RECREATION BOARD  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Perry Area Joint Recreation Board, Lake County, (the Board) as a body corporate and politic. The Board is comprised of Perry Township, North Perry Village, Perry Village and the Perry Local School District. The Board is directed by a five-member Board of Trustees, two members are appointed by the School District, and one from each of the other entities. The Board was formed to promote and provide joint recreation programs for the area. Each member provides membership dues to the Board in accordance with a formula based on their operating budget.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Cash and Cash Equivalents**

The Board's cash and cash equivalents consist of an interest bearing checking account and a money market account.

**D. Property, Plant, and Equipment**

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

**E. 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.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Board must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Board classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

**PERRY AREA JOINT RECREATION BOARD  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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

**E. Fund Balance (Continued)**

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

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

**4. Assigned**

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

**5. Unassigned**

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

The Board 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.

**2. EQUITY IN POOLED CASH**

The Board maintains cash in an interest bearing checking account and a money market account. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	2014	2013
Interest Checking	\$ 42,387	\$ 22,447
Money Market	186,201	180,793
Total Demand Deposits	\$ 228,588	\$ 203,240

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**PERRY AREA JOINT RECREATION BOARD  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. RETIREMENT SYSTEMS**

The Board employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Board contributed an amount equaling 14% of participants' gross salaries. The Board has paid all contributions required through December 31, 2014

**4. RISK MANAGEMENT**

The Board has obtained commercial insurance for employee dishonesty coverage.

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Perry Area Joint Recreation Board  
Lake County  
3740 Center Road  
PO Box 491  
Perry, Ohio 44081

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statements of the Perry Area Joint Recreation Board, Lake County, (the Board) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated August 13, 2015 wherein we noted the Board followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Board's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Board's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

August 13, 2015



# Dave Yost • Auditor of State

**PERRY AREA JOINT RECREATION BOARD**

**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 27, 2015**