



Dave Yost • Auditor of State



**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT  
LAKE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Perry Joint Economic Development District  
Lake County  
P.O. 398  
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 Joint Economic Development District, Lake County, (the JEDD) 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 JEDD'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 JEDD'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 JEDD 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 JEDD 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 JEDD 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 combined cash balances of Perry Joint Economic Development District, Lake County as of December 31, 2014 and 2013, and its combined 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 November 19, 2015, on our consideration of the JEDD'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 JEDD's internal control over financial reporting and compliance.



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

November 19, 2015

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT  
LAKE COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$36,000	\$0	\$130,618	\$166,618
Rental Income	1,200	0	0	1,200
Interest Income	32,030	0	0	32,030
	<u>69,230</u>	<u>\$0</u>	<u>130,618</u>	<u>199,848</u>
<b>Total Cash Receipts</b>				
	<u>69,230</u>	<u>\$0</u>	<u>130,618</u>	<u>199,848</u>
<b>Cash Disbursements:</b>				
Contractual Services	36,000	0	0	36,000
Insurance	3,102	0	0	3,102
Meetings	1,000	0	0	1,000
Payment on Financing Agreement	0	55,675	0	55,675
Office Supplies	65	0	0	65
	<u>40,167</u>	<u>55,675</u>	<u>0</u>	<u>95,842</u>
<b>Total Cash Disbursements</b>				
	<u>40,167</u>	<u>55,675</u>	<u>0</u>	<u>95,842</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>29,063</u>	<u>(55,675)</u>	<u>130,618</u>	<u>104,006</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Economic Loan Proceeds	10,075	0	0	10,075
Transfers-In	0	55,675	0	55,675
Transfers-Out	0	0	(55,675)	(55,675)
	<u>10,075</u>	<u>55,675</u>	<u>(55,675)</u>	<u>10,075</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
	<u>10,075</u>	<u>55,675</u>	<u>(55,675)</u>	<u>10,075</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	39,138	0	74,943	114,081
<b>Fund Cash Balances, January 1, 2014</b>	<u>65,529</u>	<u>0</u>	<u>30,752</u>	<u>96,281</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	0	105,695	105,695
Unassigned	104,667	0	0	104,667
<b>Fund Cash Balances, December 31, 2014</b>	<u><u>\$104,667</u></u>	<u><u>\$0</u></u>	<u><u>\$105,695</u></u>	<u><u>\$210,362</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 RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES (CASH BASIS) - GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$36,000	\$0	\$94,935	\$130,935
Sewer Reimbursement	0	0	839	839
Interest Income	31,786	0	0	31,786
	<u>67,786</u>	<u>\$0</u>	<u>95,774</u>	<u>163,560</u>
<b>Total Cash Receipts</b>				
	<u>67,786</u>	<u>\$0</u>	<u>95,774</u>	<u>163,560</u>
<b>Cash Disbursements:</b>				
Contractual Services	38,989	0	0	38,989
Insurance	1,525	0	0	1,525
Payment on Financing Agreement	0	116,175	0	116,175
Distribution to Member Entities	70,000	0	0	70,000
Legal Notices	39	0	0	39
	<u>110,553</u>	<u>116,175</u>	<u>0</u>	<u>226,728</u>
<b>Total Cash Disbursements</b>				
	<u>110,553</u>	<u>116,175</u>	<u>0</u>	<u>226,728</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(42,767)</u>	<u>(116,175)</u>	<u>95,774</u>	<u>(63,168)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Economic Loan Proceeds	35,328	0	0	35,328
Transfers-In	0	116,175	0	116,175
Transfers-Out	0	0	(116,175)	(116,175)
	<u>35,328</u>	<u>116,175</u>	<u>(116,175)</u>	<u>35,328</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
	<u>35,328</u>	<u>116,175</u>	<u>(116,175)</u>	<u>35,328</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(7,439)</u>	<u>0</u>	<u>(20,401)</u>	<u>(27,840)</u>
<b>Fund Cash Balances, January 1, 2013</b>	<u>72,968</u>	<u>0</u>	<u>51,153</u>	<u>124,121</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	0	30,752	30,752
Unassigned	65,529	0	0	65,529
<b>Fund Cash Balances, December 31, 2013</b>	<u><u>\$65,529</u></u>	<u><u>\$0</u></u>	<u><u>\$30,752</u></u>	<u><u>\$96,281</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, 2014 AND 2013**

**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 financing agreements with the Village of North Perry and Perry Township.

**3. Capital Project Fund**

The Capital Project Fund received the proceeds from the financing agreement with the Village of North 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, 2014 AND 2013  
(CONTINUED)**

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

**F. Fund Balance**

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

**1. Nonspendable**

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

**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 JEDD adhere to these commitments unless the Board amends 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 Board Trustees or a JEDD 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 JEDD 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.

**G. Property, Plant and Equipment**

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

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT  
LAKE COUNTY**

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

	2014	2013
Demand deposits	\$38,035	\$14,059
Money Market	172,327	82,222
Total deposits	\$210,362	\$96,281

**Deposits:** Deposits are either insured by the Federal Depository Insurance t.

**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 AGREEMENTS**

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
North Perry Village Financing Agreement	\$243,625	2.00%
Perry Township Financing Agreement	750,000	4.00%
	\$993,625	

The Village of North Perry issued a loan in the amount of \$360,500 on March 1, 2013 on behalf of the District. This loan was issued for the purpose of financing a refundable economic development loan to New Green Legacy Services for the same amount. The loan has a balloon payment of \$134,344 on 12/31/18.

Perry Township issued a loan to the District in amount of \$750,000.00 with an effective date of March 4, 2010. This is an interest only loan that was issued for the purpose of developing a parcel of land within the District. Since this is an interest only loan there is no amortization for this debt.

The District issued a \$750,000 loan to a company (Davis Development) for the purchase and development of specific real estate located within the District. This loan bears an interest rate of four percent (4%). The borrower is required to make quarterly interest payments on the outstanding balance, which as of December 31, 2014 was \$750,000. As the company identifies prospective businesses to relocate their offices within the District, the company will purchase the parcels of land and pay down the loan. To date no businesses have been identified to relocate to this property and no parcels of land have been sold.

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT  
LAKE COUNTY**

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

**4. FINANCING AGREEMENTS (Continued)**

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

	North Perry Loan
Year ending December 31:	
2015	\$28,535
2016	29,090
2017	29,676
2018	156,324
Total	<u>\$243,625</u>

**5. RISK MANAGEMENT**

The District has obtained commercial insurance for the following risks:

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



# 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 Joint Economic Development District  
Lake County  
P.O. 398  
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 Perry Joint Economic Development District, Lake County, (the JEDD) 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 November 19, 2015, wherein we noted the JEDD 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 JEDD'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 JEDD'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 JEDD'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 JEDD'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 JEDD's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the JEDD's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

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

November 19, 2015



# Dave Yost • 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  
DECEMBER 1, 2015**