



**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 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.

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Mary Taylor, CPA  
Auditor of State

June 29, 2007

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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 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, 2006 and December 31, 2005. 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 years ended December 31, 2006 and December 31, 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. 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 governments to reformat their statements. The District has elected not to reformat its statements. Since the 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 years ended December 31, 2006 and December 31, 2005, 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, 2006 and December 31, 2005, 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 combined fund cash balances of the Perry Joint Economic Development District, Lake County, Ohio, as of December 31, 2006 and December 31, 2005, and its combined 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 years ended December 31, 2006 and December 31, 2005. 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 29, 2007, 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

June 29, 2007



**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, 2006**

	<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	\$24,000	\$0	\$92,700	\$116,700
Earnings on Investments	1,725	0	5,813	7,538
<b>Total Cash Receipts</b>	<u>25,725</u>	<u>\$0</u>	<u>98,513</u>	<u>124,238</u>
<b>Cash Disbursements:</b>				
Contractual Services	25,200	0	0	25,200
Insurance	2,471	0	0	2,471
Payment on Financing Agreement	0	81,181	0	81,181
Legal Notices	38	0	0	38
<b>Total Cash Disbursements</b>	<u>27,709</u>	<u>81,181</u>	<u>0</u>	<u>108,890</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(1,984)</u>	<u>(81,181)</u>	<u>98,513</u>	<u>15,348</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In	0	81,181	0	81,181
Transfers-Out	0	0	(81,181)	(81,181)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>0</u>	<u>81,181</u>	<u>(81,181)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,984)	0	17,332	15,348
Fund Cash Balances, January 1, 2006	<u>5,530</u>	<u>0</u>	<u>245,739</u>	<u>251,269</u>
<b>Fund Cash Balances, December 31, 2006</b>	<u><u>\$3,546</u></u>	<u><u>\$0</u></u>	<u><u>\$263,071</u></u>	<u><u>\$266,617</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, 2005**

	<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	\$13,000	\$0	\$102,992	\$115,992
Earnings on Investments	3,561	0	337	3,898
<b>Total Cash Receipts</b>	<u>16,561</u>	<u>\$0</u>	<u>103,329</u>	<u>119,890</u>
<b>Cash Disbursements:</b>				
Contractual Services	16,288	0	0	16,288
Insurance	1,967	0	0	1,967
Payment on Financing Agreement	0	126,648	0	126,648
Legal Notices	65	0	0	65
<b>Total Cash Disbursements</b>	<u>18,320</u>	<u>126,648</u>	<u>0</u>	<u>144,968</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(1,759)</u>	<u>(126,648)</u>	<u>103,329</u>	<u>(25,078)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In	0	126,648	0	126,648
Transfers-Out	0	0	(126,648)	(126,648)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>0</u>	<u>126,648</u>	<u>(126,648)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,759)	0	(23,319)	(25,078)
Fund Cash Balances, January 1, 2005	<u>7,289</u>	<u>0</u>	<u>269,058</u>	<u>276,347</u>
<b>Fund Cash Balances, December 31, 2005</b>	<u><u>\$5,530</u></u>	<u><u>\$0</u></u>	<u><u>\$245,739</u></u>	<u><u>\$251,269</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, 2006 AND 2005**

**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 basis of accounting 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 include adequate disclosure of material matters the Auditor of State's prescribes or permits.

**C. Cash and Cash Equivalents**

The District's cash and cash equivalents consist of an 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 on 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, 2006 AND 2005  
(Continued)**

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

**E. Property, Plant, and Equipment**

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

**F. 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.

**2. EQUITY IN POOLED CASH**

The Board maintains cash in a business bank account. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	2006	2005
Demand Deposits	\$ 111,055	\$ 75,325
Certificates of Deposit	155,561	175,944
Total Deposits	\$ 266,616	\$ 251,269

**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, 2006 was as follows:

	Principal	Interest Rate
Perry Village Financing Agreement	\$432,950	4.10%

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

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**4. FINANCING AGREEMENT (Continued)**

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

	<u>Financing Agreement</u>
Year ending December 31:	
2007	\$79,342
2008	79,342
2009	79,342
2010	79,342
2011	79,342
2012-2013	<u>99,443</u>
Total	<u><u>\$496,153</u></u>

**5. RISK MANAGEMENT**

The District has obtained commercial insurance for the following risks:

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

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# 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 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, 2006 and December 31, 2005, and have issued our report thereon dated June 29, 2007, 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 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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA  
Auditor of State

June 29, 2007





**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  
JULY 17, 2007**