



Mary Taylor, CPA
Auditor of State

**PERRY JOINT FIRE DISTRICT
LAKE COUNTY**

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Mary Taylor, CPA

Auditor of State

Perry Joint Fire District
Lake County
3742 Center Road
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 adverse 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 27, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Perry Joint Fire District
Lake County
3742 Center Road
Perry, Ohio 44081

To the Board of Trustees:

We have audited the accompanying financial statements of the Perry Joint Fire District, Lake County, Ohio, (the District) as of and for the years ended December 31, 2007 and December 31, 2006. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. 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 Districts to reformat their statements. The District has elected not to 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, 2007 and 2006 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, 2007 and 2006, or its changes in financial position for the years then ended.

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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 Fire District, Lake County, Ohio, as of December 31, 2007 and December 31, 2006, and its combined 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 27, 2008, 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.

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

Mary Taylor, CPA
Auditor of State

August 27, 2008

**PERRY JOINT FIRE 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, 2007**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$3,740,615	\$0	\$0	\$0	\$3,740,615
Intergovernmental	78,982	0	0	0	78,982
Charges for Services	5,950	28,945	0	0	34,895
Earnings on Investments	167,420	0	0	0	167,420
Miscellaneous	41,523	0	0	0	41,523
Total Cash Receipts	4,034,490	28,945	0	0	4,063,435
Cash Disbursements:					
Current:					
Security of Persons and Property	3,040,000	0	0	0	3,040,000
Debt Interest	0	0	14,967	0	14,967
Debt Principal	0	0	54,000	0	54,000
Capital Outlay	211,983	74,238	0	83,381	369,602
Total Disbursements	3,251,983	74,238	68,967	83,381	3,478,569
Total Receipts Over/(Under) Disbursements	782,507	(45,293)	(68,967)	(83,381)	584,866
Other Financing Receipts/(Disbursements):					
Sale of Bond	0	0	0	350,000	350,000
Bond Premium	0	0	0	227	227
Transfers-In	0	0	300,000	198,594	498,594
Transfers-Out	(498,594)	0	0	0	(498,594)
Total Other Financing Receipts/(Disbursements)	(498,594)	0	300,000	548,821	350,227
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	283,913	(45,293)	231,033	465,440	935,093
Fund Cash Balances, January 1, 2007	2,054,085	45,671	882,000	327,067	3,308,823
Fund Cash Balances, December 31, 2007	\$2,337,998	\$378	\$1,113,033	\$792,507	\$4,243,916

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

**PERRY JOINT FIRE 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>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$3,563,359	\$0	\$0	\$0	\$3,563,359
Intergovernmental	76,932	119,156	0	0	196,088
Charges for Services	0	28,237	0	0	28,237
Earnings on Investments	131,018	0	0	0	131,018
Miscellaneous	24,918	0	0	0	24,918
Total Cash Receipts	<u>3,796,227</u>	<u>147,393</u>	<u>0</u>	<u>0</u>	<u>3,943,620</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	3,358,291	102,688	0	0	3,460,979
Debt Interest	0	0	5,908	0	5,908
Debt Principal	0	0	54,000	0	54,000
Total Disbursements	<u>3,358,291</u>	<u>102,688</u>	<u>59,908</u>	<u>0</u>	<u>3,520,887</u>
Total Receipts Over/(Under) Disbursements	<u>437,936</u>	<u>44,705</u>	<u>(59,908)</u>	<u>0</u>	<u>422,733</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	16,468	0	359,908	116,000	492,376
Transfers-Out	(475,908)	(16,468)	0	0	(492,376)
Total Other Financing Receipts/(Disbursements)	<u>(459,440)</u>	<u>(16,468)</u>	<u>359,908</u>	<u>116,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(21,504)</u>	<u>28,237</u>	<u>300,000</u>	<u>116,000</u>	<u>422,733</u>
Fund Cash Balances, January 1, 2006	<u>2,075,589</u>	<u>17,434</u>	<u>582,000</u>	<u>211,067</u>	<u>2,886,090</u>
Fund Cash Balances, December 31, 2006	<u><u>\$2,054,085</u></u>	<u><u>\$45,671</u></u>	<u><u>\$882,000</u></u>	<u><u>\$327,067</u></u>	<u><u>\$3,308,823</u></u>

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

**PERRY JOINT FIRE DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

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 Joint Fire District, Lake County, (the District) as a body corporate and politic. The District was created on September 27, 2002 by a joint resolution passed by Perry Township, Perry Village and North Perry Village. The District is governed by an appointed six-member Board of Trustees. Two board members are appointed by each political subdivision within the District, of which one member is required to be an elected official from each entity. The District oversees the fire protection and rescue services for the communities within the District.

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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequately disclosed material matters the Auditor of State prescribes.

C. Cash and Investments

The District's accounting basis includes investments as assets. Accordingly, investment purchases are not recorded as disbursements, and investment sales are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

STAR Ohio is recorded at share values the State Treasurer reports.

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. Special Revenue Fund

This fund accounts for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

**PERRY JOINT FIRE DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

The E.M.S. Fund – This fund was used to fund the purchase of emergency medical service and rescue equipment.

3. Debt Service Fund

This fund accumulates resources to pay bond and note indebtedness. The District had the following Debt Service Fund:

Debt Payment Fund - This fund is used to account for debt payments for the lease of the fire station and the bond issue.

4. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The District had the following significant Capital Project Fund:

Capital Equipment Fund - This fund receives transfers from the General Fund for future purchases and maintenance of fire fighting equipment. This fund also received proceeds for the Bond issued in 2007.

E. Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**PERRY JOINT FIRE DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(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:

	2007	2006
Demand deposits	\$3,108,191	\$2,227,042
Money Market Account	50,000	49,369
Total deposits	3,158,191	2,276,411
STAR Ohio	1,085,725	1,032,412
Total investments	1,085,725	1,032,412
Total deposits and investments	\$4,243,916	\$3,308,823

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

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities existing in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2007 and December 31, 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,814,225	\$4,034,490	\$220,265
Special Revenue	30,000	28,945	(1,055)
Debt Service	300,000	300,000	0
Capital Projects	514,000	548,821	34,821
Total	\$4,658,225	\$4,912,256	\$254,031

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,811,310	\$3,750,577	\$2,060,733
Special Revenue	75,671	74,238	1,433
Debt Service	182,000	68,967	113,033
Capital Projects	841,067	83,381	757,686
Total	\$5,886,981	\$3,824,815	\$2,062,166

**PERRY JOINT FIRE DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. Budgetary Activity (Continued)

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,773,888	\$3,812,695	\$38,807
Special Revenue	154,156	147,393	(6,763)
Debt Service	360,156	359,908	(248)
Capital Projects	116,000	116,000	0
Total	\$3,928,044	\$3,960,088	\$32,044

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,823,609	\$3,834,199	\$1,989,410
Special Revenue	119,156	119,156	0
Debt Service	582,000	59,908	522,092
Capital Projects	327,067	0	327,067
Total	\$5,942,765	\$3,953,355	\$1,989,410

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

**PERRY JOINT FIRE DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

5. Debt Financing Agreements

Debt outstanding at December 31, 2007 was as follows:

	Principal	Interest Rate
Fire Station Lease	1,000,005	0.00%
North Perry Village Loan	500,000	0.00%
Fire Truck Lease	160,000	3.71%
Ohio CAFB Bond	350,000	3.6 to 3.65%
Total	\$2,010,005	

Perry Township leased two Fire Stations and the equipment in the Fire Stations to the District in 2002. This lease is for 20 years. The District is not required to begin repaying the debt until 2008.

In 2002, North Perry Village loaned the District \$500,000 for the purpose of purchasing parcels of land. The District is not required to begin repaying the loan until 2008.

In 2005, the District entered into a lease for a new fire truck for \$270,000. This lease is for 5 years.

In 2007, the District issued an Ohio Capital Asset Financing Program Bond for \$350,000. This bond matures in 2012.

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

Year ending December 31:	Fire Station Lease	North Perry Village Loan	Fire Truck Lease	Ohio CAFB Bond	Totals
2008	66,667	50,000	60,156	79,753	256,576
2009	66,667	50,000	60,156	81,990	258,813
2010	66,667	50,000	60,156	79,102	255,925
2011	66,667	50,000		76,162	192,829
2012	66,667	50,000		78,188	194,855
2013-2017	333,335	250,000			583,335
2018-2022	333,335				333,335
Total	\$1,000,005	\$500,000	\$180,468	\$395,195	\$2,075,668

6. Retirement Systems

The District's certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OP&F participants contributed 10% of their wages. For 2007 and 2006, the District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2007 and 2006, OPERS members contributed 9.5 and 9%, respectively, of their gross salaries and the District contributed an amount equaling 13.85 and 13.7%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2007.

**PERRY JOINT FIRE DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

7. Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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



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 Fire District
Lake County
3742 Center Road
Perry, Ohio 44081

To the District Board of Trustees:

We have audited the financial statements of the Perry Joint Fire District, Lake County, Ohio, (the District) as of and for the years ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated August 27, 2008, 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. We noted a certain matter that we reported to the District's management in a separate letter dated August 27, 2008.

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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 matter that 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 Trustees. 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 27, 2008



Mary Taylor, CPA
Auditor of State

PERRY JOINT FIRE 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
OCTOBER 2, 2008**