



Mary Taylor, CPA
Auditor of State

VILLAGE OF NORTH PERRY
LAKE COUNTY

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Mary Taylor, CPA
Auditor of State

Village of North Perry
Lake County
4449 Lockwood Road
Perry, Ohio 44081

To the Village Council:

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 21, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of North Perry
Lake County
4449 Lockwood Road
Perry, Ohio 44081

To the Village Council:

We have audited the accompanying financial statements of the Village of North Perry, Lake County, Ohio, (the Village) as of and for the years ended December 31, 2008 and December 31, 2007. These financial statements are the responsibility of the Village'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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village 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 Village's larger (i.e. major) funds separately. While the Village 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 Villages to reformat their statements. The Village 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.

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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 Village 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 combined fund cash balances and reserves for encumbrances of the Village of North Perry, Lake County, Ohio, as of December 31, 2008 and December 31, 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village 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 October 21, 2009, on our consideration of the Village'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

October 21, 2009

**VILLAGE OF NORTH PERRY
LAKE COUNTY**

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

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Agency Fund
Cash Receipts:						
Property Tax and Other Local Taxes	\$716,262	\$0	\$0	\$0	\$0	\$716,262
Municipal Income Tax	542,817	0	0	458,603	0	1,001,420
Intergovernmental Receipts	644,690	45,199	0	0	0	689,889
Charges for Services	2,300	0	0	0	4,800	7,100
Fines, Licenses, and Permits	19,071	0	0	0	0	19,071
Earnings on Investments	530,702	104,762	0	91,209	0	726,673
Miscellaneous	353,293	0	0	0	0	353,293
Total Cash Receipts	2,809,135	149,961	0	549,812	4,800	3,513,708
Cash Disbursements:						
Current:						
Security of Persons and Property	154,285	0	0	0	0	154,285
Public Health Services	86,969	0	0	0	0	86,969
Leisure Time Activities	630,723	0	0	0	0	630,723
Community Environment	36,177	0	0	0	0	36,177
Basic Utility Services	263,591	0	0	0	0	263,591
Transportation	0	88,142	0	141,719	0	229,861
General Government	1,208,048	0	0	0	0	1,208,048
Other	0	0	0	0	4,750	4,750
Capital Outlay	0	0	0	312,925	0	312,925
Debt Service:						
Principal Payment	0	0	530,000	0	0	530,000
Interest and Fiscal Charges	0	0	224,551	0	0	224,551
Total Cash Disbursements	2,379,793	88,142	754,551	454,644	4,750	3,681,880
Total Receipts Over/(Under) Disbursements	429,342	61,819	(754,551)	95,168	50	(168,172)
Other Financing Receipts and (Disbursements):						
Sale of Bonds	0	0	94,379	4,500,000	0	4,594,379
Transfers In	0	0	660,172	0	0	660,172
Transfers Out	(660,172)	0	0	0	0	(660,172)
Total Other Financing Receipts/(Disbursements)	(660,172)	0	754,551	4,500,000	0	4,594,379
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(230,830)	61,819	0	4,595,168	50	4,426,207
Fund Cash Balances, January 1, 2008	8,057,336	2,169,290	0	4,310,184	7,743	14,544,553
Fund Cash Balances, December 31, 2008	\$7,826,506	\$2,231,109	\$0	\$8,905,352	\$7,793	\$18,970,760
Reserve for Encumbrances, December 31, 2008	\$8,299	\$229	\$0	\$0	\$0	\$8,528

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

**VILLAGE OF NORTH PERRY
LAKE COUNTY**

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

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Agency Fund	
Cash Receipts:					
Property Tax and Other Local Taxes	\$741,910	\$0	\$0	\$0	\$741,910
Municipal Income Tax	536,981	125,607	628,036	0	1,290,624
Intergovernmental Receipts	563,953	41,866	0	0	605,819
Charges for Services	2,450	0	0	4,600	7,050
Fines, Licenses, and Permits	24,299	0	0	0	24,299
Earnings on Investments	566,660	53,028	0	0	619,688
Miscellaneous	27,036	0	0	0	27,036
Total Cash Receipts	2,463,289	220,501	628,036	4,600	3,316,426
Cash Disbursements:					
Current:					
Security of Persons and Property	170,312	0	0	0	170,312
Public Health Services	89,957	0	0	0	89,957
Leisure Time Activities	571,317	0	0	0	571,317
Community Environment	19,801	0	0	0	19,801
Basic Utility Services	268,717	0	0	0	268,717
Transportation	0	193,107	1,486,991	0	1,680,099
General Government	506,735	9,576	0	0	516,311
Other	0	0	0	4,100	4,100
Capital Outlay	0	0	432,781	0	432,781
Total Cash Disbursements	1,626,839	202,683	1,919,772	4,100	3,753,395
Total Receipts Over/(Under) Disbursements	836,450	17,817	(1,291,736)	500	(436,969)
Other Financing Receipts and (Disbursements):					
Other Financing Uses	(2,920)	0	0	0	(2,920)
Total Other Financing Receipts/(Disbursements)	(2,920)	0	0	0	(2,920)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	833,530	17,817	(1,291,736)	500	(439,889)
Fund Cash Balances, January 1, 2007	7,223,804	2,151,473	5,601,920	7,243	14,984,440
Fund Cash Balances, December 31, 2007	\$8,057,334	\$2,169,290	\$4,310,184	\$7,743	\$14,544,551
Reserve for Encumbrances, December 31, 2007	\$0	\$0	\$0	\$0	\$0

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

**VILLAGE OF NORTH PERRY
LAKE COUNTY**

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

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 Village of North Perry, Lake County, Ohio, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations (leisure-time activities), rubbish collection, zoning, road maintenance, cable television, and police services. The Village receives fire protection services from the Perry Joint Fire District.

The Village's management believes these financial statements present all activities for which the Village 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 Village 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 adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The demand deposits, money market accounts, certificate of deposit, U.S. Treasury Notes and repurchase agreement are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village 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 Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant special revenue fund:

**VILLAGE OF NORTH PERRY
LAKE COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

2. Special Revenue Funds (Continued)

Street Construction, Maintenance, and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

3. Debt Service Fund

This fund accounts for resources the Village accumulates to pay bonds and loan indebtedness

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Capital Improvement Fund - This fund received proceeds from municipal income taxes in 2008 and 2007.

5. Fiduciary Funds (Agency Funds)

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund is the:

Rental Deposit Fund - This fund is used to account for security deposits received and returned for the rental of the Village Hall.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

**VILLAGE OF NORTH PERRY
LAKE COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

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 Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. 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 and Investments

The Village maintains a cash and investments pool for all fund's use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2008	2007
Demand deposits	\$282,137	\$340,342
Money market accounts	680,595	2,533,109
Certificates of deposit	4,880,669	4,335,980
Total deposits	<u>5,843,401</u>	<u>7,209,431</u>
U.S. Treasury Notes	12,694,965	6,913,522
STAR Ohio	432,394	421,598
Total investments	<u>13,127,359</u>	<u>7,335,120</u>
Total deposits and investments	<u>\$18,970,760</u>	<u>\$14,544,551</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool. Although the Village followed all state statutory requirements for these deposits, noncompliance with federal requirements could potentially subject the Village to a successful claim by the Federal Deposit Insurance Corporation.

**VILLAGE OF NORTH PERRY
LAKE COUNTY**

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

2. Equity in Pooled Cash and Investments (Continued)

Investments: The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,980,755	\$2,809,136	\$828,381
Special Revenue	68,500	149,961	81,461
Debt Service	754,551	754,551	0
Capital Projects	4,865,000	5,049,811	184,811
Agency	5,600	4,800	(800)
Total	<u>\$7,674,406</u>	<u>\$8,768,259</u>	<u>\$1,093,853</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,782,356	\$3,048,264	\$734,092
Special Revenue	348,500	88,371	260,129
Debt Service	754,551	754,551	0
Capital Projects	5,363,000	454,644	4,908,356
Agency	5,800	4,750	1,050
Total	<u>\$10,254,207</u>	<u>\$4,350,580</u>	<u>\$5,903,627</u>

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,038,116	\$2,463,288	\$425,172
Special Revenue	164,800	220,501	55,701
Capital Projects	512,000	628,036	116,036
Agency	5,600	4,600	(1,000)
Total	<u>\$2,720,516</u>	<u>\$3,316,425</u>	<u>\$595,909</u>

**VILLAGE OF NORTH PERRY
LAKE COUNTY**

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

3. Budgetary Activity (Continued)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,299,140	\$1,629,760	\$669,380
Special Revenue	696,284	202,683	493,601
Capital Projects	2,445,000	1,919,772	525,228
Agency	6,200	4,100	2,100
Total	\$5,446,624	\$3,756,315	\$1,690,309

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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 Village.

Tangible property taxes are levied after October 1, on the value as of December 31. Collections are made in 2008. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 was 12.5 percent. This was reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

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

5. Local Income Tax

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. In the latter case, the Village allows a 100 percent credit on the income earned outside the Village and paid to another municipality.

Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Central Collection Agency (CCA) at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. The tax is collected by CCA and remitted to the Village monthly.

**VILLAGE OF NORTH PERRY
LAKE COUNTY**

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

6. Municipal Income Tax Distribution

In 2002, the Village began receiving money distributed from the income tax paid by electric companies to the State of Ohio in accordance with ORC Section 5745. These monies are reported as "Municipal Income Tax" in the accompanying financial statements.

7. Retirement Systems

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

8. Risk Management

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance, dental and life insurance coverage to full-time employees through a private carrier.

9. Jointly Governed Organization

The Perry Joint Fire District was created on September 27, 2002 by a joint resolution passed by Perry Township, Village of Perry, and North Perry Village. The district is directed 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 provides fire protection and rescue services within the District.

10. Debt

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
\$4,475,000 Various Purpose Bonds	\$3,945,000	3.75% to 5%

The Township's debt as of December 31, 2008 is a various purpose bond from Huntington National Bank. The various purpose bonds are for beach enhancement to be paid off in eight installments with the final installment in 2015.



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*

Village of North Perry
Lake County
4449 Lockwood Road
Perry, Ohio 44081

To the Village Council:

We have audited the financial statements of the Village of North Perry, Lake County, Ohio (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated October 21, 2009 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 Village'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 Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village'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 Village'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 Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village'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 Village's management in a separate letter dated October 21, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the management, and Village Council. We intend it for no one 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

October 21, 2009

**VILLAGE OF NORTH PERRY
LAKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2008-001

NONCOMPLIANCE CITATION

MAYOR SPENDING LIMIT

Pursuant to Ordinance Number 06-13, the Mayor is authorized to expend up to \$2,500 on a project without prior approval of Council.

In 2008, the Mayor authorized a project to repair a resident's flooded property. The cost of the repairs for the project was \$16,435.18 from an excavating company and \$1,895.00 from a pipe cleaning company. These authorizations were made by the Mayor without prior Council approval thus violating his spending authority established by local ordinance.

In addition, subsequent to the above repairs being made and paid for by the Village, the Village Council passed Resolution R08-26 reprimanding the Mayor for improper expenditure of funds and demanding repayment in the amount \$10,830.18.

We recommend the Mayor adhere to the ordinance passed regarding the spending limit set for the Mayor.

OFFICIALS RESPONSE: The Officials elected to make no comment.



Mary Taylor, CPA
Auditor of State

VILLAGE OF NORTH PERRY

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 8, 2009