



OHIO AUDITOR OF STATE  
**KEITH FABER**





**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT  
LAKE COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Perry Joint Economic Development District  
Lake County  
3740 Center Road  
P.O. Box 398  
Perry, Ohio 44081

To the Board of Trustees:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019 and related notes of the Perry Joint Economic Development District, Lake County, Ohio (the District).

### ***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 District'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 District's internal control. Accordingly, we express no such 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 opinions.

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

As described in Note 2 of the financial statements, the District 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 District 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 District, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019 and related notes of the District, 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 2.

***Emphasis of Matter***

As discussed in Note 9 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2021, 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. 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 District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 2, 2021

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**Perry Joint Economic Development District**  
*Lake County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*All Governmental Fund Type*  
*For the Year Ended December 31, 2020*

	General	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Local Taxes	\$310,492		\$7,000	\$317,492
Rental Income		\$1,200		1,200
Earning on Investments	5,944			5,944
<i>Total Cash Receipts</i>	<u>316,436</u>	<u>1,200</u>	<u>7,000</u>	<u>324,636</u>
<b>Cash Disbursements</b>				
Current:				
Capital improvement & Repairs			700	700
Contractual Services	58,436		562,657	621,093
General Government	5,988			5,988
Payments on Financing Agreements		131,776		131,776
Distribution to Member Entities	100,000		6,000	106,000
<i>Total Cash Disbursements</i>	<u>164,424</u>	<u>131,776</u>	<u>569,357</u>	<u>865,557</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>152,012</u>	<u>(130,576)</u>	<u>(562,357)</u>	<u>(540,921)</u>
<i>Net Change in Fund Cash Balances</i>	152,012	(130,576)	(562,357)	(540,921)
<i>Fund Cash Balances, January 1</i>	<u>161,855</u>	<u>561,200</u>	<u>487,876</u>	<u>1,210,931</u>
<i>Fund Cash Balances, December 31</i>	<u>\$313,867</u>	<u>\$430,624</u>	<u>(\$74,481)</u>	<u>\$670,010</u>

*See accompanying notes to the basic financial statements*

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT  
LAKE COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**Note 1 - Reporting 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 the Village of Perry. On September 12, 2002, the Village of North Perry 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 the 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.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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 matters the Auditor of State prescribes.

***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.

***General Fund*** The general fund reports all financial resources except those required to be accounted for in another fund.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The District had the following significant Debt Service Funds:

***Debt Service Fund*** The debt service fund is used to accumulate resources for the payments of the financing agreements with Perry Township and the Perry Local School District.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project funds:

***Capital Project Fund*** The capital project fund received proceeds from the General Fund that were used to account for the construction of a sewer system and improvements to properties located within the JEDD.

***Deposits and investments***

The District'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.

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT  
LAKE COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**Note 2 – Summary of Significant Accounting Policies – (Continued)**

***Capital Assets***

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

***Fund Balance***

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

**Nonspendable** The District classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

**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.

**Committed** Trustees can *commit* amounts via formal action (resolution). The District adheres 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.

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

**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 District applies restricted resources first when expenditures are incurred for the 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.

For Regulatory purposes, limited disclosure related to fund balance is included in Note 7.

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT  
LAKE COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**Note 3 – Deposit and Investments**

The District maintains a cash and investments pool of 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:

	2020
Demand deposits	\$36,985
Other time deposits (savings and NOW accounts)	633,025
Total deposits	670,010
	\$670,010

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 4 – Taxes**

***Income Taxes***

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 Regional Income Tax Agency for the Village of Perry, which is then forwarded to the District.

**Note 5 – Financing Agreements**

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
Perry Local School District Financing Agreement	\$40,000	0.00%
Village of Perry Bond Anticipation Loan	\$1,320,000	3.96%
Total	\$1,360,000	

Perry Local School District issued a loan to the District in the amount of \$169,162 with an effective date of May 26, 2017. This is a loan that was issued with a zero percent rate of interest for the purpose of developing a parcel of land within the District. The District agreed to assist The Village of Perry in the purchase an adjacent parcel of land, as part of the same Purchase Agreement with the Perry Local School District. The Village of Perry agreed to reimburse the District \$58,497 on May 1, 2021 for the amounts paid to Perry Local School District on behalf of the Village of Perry.

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT  
LAKE COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**Note 5 – Financing Agreements – (Continued)**

The Village of Perry issued a loan to the District in the amount of \$1,350,000 with an effective date of April 18, 2019. This loan was issued with an annual interest rate of 3.96% for the purposes of repaying the loan from Perry Township of \$750,000 and for the proposed sewer infrastructure work to be performed on the property owned by Midwest Materials, which is part of the District. The Village of Perry obtained this loan, from Northwest Bank, on behalf of the District, for the aforementioned distribution purposes. The infrastructure work was completed in December of 2020.

Amortization for the above debts, including interest, is scheduled as follows:

Year Ending December 31:	Perry Local School District	Village of Perry	Total
2021	\$40,000	\$87,272	\$127,272
2022		85,886	85,886
2023		84,500	84,500
2024		88,114	88,114
2025		86,530	86,530
2026-2029		1,519,681	1,519,681
Total	<u>\$40,000</u>	<u>\$1,951,983</u>	<u>\$1,991,983</u>

**Note 6 - RISK MANAGEMENT**

The District is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the ( District's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$ 40,318,971
Actuarial liabilities	\$14,111,510

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT  
LAKE COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**Note 7 – Fund Balances**

The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the debt service and capital projects would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 8 – Changes in Accounting Principle**

For 2020, the District has made changes to their cash basis reporting model. These changes included removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

**Note 9 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Perry Joint Economic Development District**  
*Lake County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Cash Basis)*  
**All Governmental Fund Type**  
*For the Year Ended December 31, 2019*

	General	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Local Taxes	\$204,768		\$63,000	\$267,768
Rental Income		\$1,200		1,200
Earnings on Investments	10,955			10,955
<i>Total Cash Receipts</i>	<u>215,723</u>	<u>1,200</u>	<u>63,000</u>	<u>279,923</u>
<b>Cash Disbursements</b>				
Current:				
General Government	4,791		4,500	9,291
Capital Improvements & Repairs			700	700
Contractual Services	55,042		26,242	81,284
Payments on Financing Agreements		790,000		790,000
Distribution to Member Entities			6,000	6,000
<i>Total Cash Disbursements</i>	<u>59,833</u>	<u>790,000</u>	<u>37,442</u>	<u>887,275</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>155,890</u>	<u>(788,800)</u>	<u>25,558</u>	<u>(607,352)</u>
<b>Other Financing Receipts</b>				
Loan Proceeds		1,350,000		1,350,000
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>1,350,000</u>	<u>0</u>	<u>1,350,000</u>
<i>Net Change in Fund Cash Balances</i>	155,890	561,200	25,558	742,648
<i>Fund Cash Balances, January 1</i>	<u>5,965</u>	<u>0</u>	<u>462,318</u>	<u>468,283</u>
<b>Fund Cash Balances, December 31</b>				
Committed		561,200	487,876	1,049,076
Unassigned (Deficit)	161,855			161,855
<i>Fund Cash Balances, December 31</i>	<u>\$161,855</u>	<u>\$561,200</u>	<u>\$487,876</u>	<u>\$1,210,931</u>

*See accompanying notes to the basic financial statements*

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT  
LAKE COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**Note 1 – Reporting 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 the Village of Perry. On September 12, 2002, the Village of North Perry 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 the 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.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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 matters the Auditor of State prescribes.

***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.

***General Fund*** The general fund reports all financial resources except those required to be accounted for in another fund.

***Debt Service Fund*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The District had the following significant Debt Service Funds:

***Debt Service Fund*** The Debt Service Fund is used to accumulate resources for the payments of the financing agreements with Perry Township and the Perry Local School District.

***Capital Project Fund*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project funds:

***Capital Project Fund*** The capital project fund received proceeds from the General Fund that were used to account for the construction of a sewer system and improvements to properties located within the District.

***Deposits and investments***

The District'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.



**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT  
LAKE COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**Note 2 – Summary of Significant Accounting Policies – (Continued)**

***Capital Assets***

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

***Fund Balance***

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

**Nonspendable** The District classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

**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.

**Committed** Trustees can *commit* amounts via formal action (resolution). The District adheres 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.

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

**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 District applies restricted resources first when expenditures are incurred for the 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.

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT  
LAKE COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**Note 3 – Deposits and Investments**

The District maintains a cash and investments pool of 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:

	2019
Demand deposits	\$680,053
Other time deposits (savings and NOW accounts)	530,878
Total deposits	1,210,931
	\$1,210,931

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 4 - Taxes**

***Income Taxes***

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 Regional Income Tax Agency for the Village of Perry, which is then forwarded to the District.

**Note 5 – Financing Agreements**

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Perry Local School District Financing Agreement	\$80,000	0.00%
Village of Perry Bond Anticipation Loan	1,350,000	3.96%
Total	\$1,430,000	

Perry Township issued a loan to the District in the amount of \$750,000 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. This loan was paid in full on April 18, 2019.

Perry Local School District issued a loan to the District in the amount of \$169,162 with an effective date of May 26, 2017. This is a loan that was issued with a zero percent rate of interest for the purpose of developing a parcel of land within the District. The District agreed to assist Village of Perry in the purchase an adjacent parcel of land, as part of the same Purchase Agreement with the Perry Local School District. The Village of Perry agreed to reimburse the District \$58,497 on May 1, 2021 for the amounts paid to Perry Local School District on behalf of Village of Perry.

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT  
LAKE COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**Note 5 – Financing Agreements – (Continued)**

The Village of Perry issued a loan to the District in the amount of \$1,350,000 with an effective date of April 18, 2019. This loan was issued with an annual interest rate of 3.96% for the purposes of repaying the loan from Perry Township of \$750,000 and for the proposed sewer infrastructure work to be performed on the property owned by Midwest Materials, which is part of the District. Perry Village obtained this loan, from Northwest Bank, on behalf of the District, for the aforementioned distribution purposes. The proposed infrastructure work is scheduled to commence in the Spring of 2020.

Amortization for the above debts, including interest, is scheduled as follows:

Year Ending December 31:	Perry Local School District	Village of Perry	Total
2020	\$40,000	\$91,776	\$131,776
2021	40,000	87,272	127,272
2022		85,886	85,886
2023		84,500	84,500
2024		88,114	88,114
2025-2029		1,606,211	1,606,211
Total	<u>\$80,000</u>	<u>\$2,043,759</u>	<u>\$2,123,759</u>

**Note 6 - Risk Management**

The District is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the District's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

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# OHIO AUDITOR OF STATE KEITH FABER



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## 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  
3740 Center Road  
P.O. Box 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 the cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Perry Joint Economic Development District, Lake County, Ohio (the District) and have issued our report thereon dated September 2, 2021, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

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

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District'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 District'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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

***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 financial statements. 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*.

***District's Response to Finding***

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 2, 2021

**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT  
LAKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 and 2019**

**FINDING NUMBER 2020-001**

**Material Weakness- Financial Statement Adjustments**

In our audit engagement letter, as required by **AU-C Section 210**, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in **AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Statement No. 54** – Fund Balance Reporting and Governmental Fund Type Definitions introduced five fund balance classifications and clarified the existing governmental fund type definitions. **Statement 54 Paragraph 16** (codified in GASB Cod. 1800.176) indicates when an appropriation measure is adopted for the subsequent year, if a portion of the existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. Auditor of State Bulletin 2011-004 provides additional guidance on GASB Statement 54.

The following errors were identified and were adjusted to the 2020 financial statements:

- General Fund Beginning Cash Balance, Cash Fund Balance and Transfers-out were overstated \$561,200, \$561,200, and \$692,933, respectively, and Cash Fund Balance was understated \$692,933, due to the net effect of various financial statement mispostings on the Hinkle Filing.
- Debt Service Funds' Transfers-in and Cash Fund Balance were overstated \$130,576 and \$130,576, respectively, and Beginning Cash Fund Balance and Cash Fund Balance were understated \$561,200 due to the net effect of various financial statement mispostings on the Hinkle Filing.
- Capital Improvement Funds' Transfers-in and Cash Fund Balance were overstated \$562,357 and \$562,357, respectively, due to incorrect reporting of Transfers-in on the Hinkle Filing.

The following errors were identified and were adjusted to the 2019 financial statements:

- General Fund Transfers-in, Cash Fund Balance, and Ending Fund Balance were overstated \$561,200, \$561,200 and \$161,855, respectively, and Unassigned Fund Balance was understated \$161,855, due to the net effect of various financial statement mispostings on the Hinkle Filing.
- Debt Service Funds' Transfers-out Cash Fund Balance and Ending Fund Balance were overstated \$561,200, \$561,200 and \$561,200, respectively, and Committed Fund Balance was understated \$561,200 due to the net effect of various financial statement mispostings on the Hinkle Filing.
- Capital Improvement Funds' Cash Fund Balance was overstated \$487,876, and Committed Fund Balance was understated \$487,876 due to the lack of classification of fund balances on the Hinkle Filing.

**FINDING NUMBER 2020-001 – (Continued)**

**Material Weakness- Financial Statement Adjustments – (Continued)**

The Joint Economic Develop District should exercise due care when posting transactions to help ensure transactions are correct and posted to the proper accounts. Management should also review the financial statements to help ensure they are supported by sufficient documentation, reconciled to the trial balances, free of obvious errors and omissions, and consistent with their financial expectations. These procedures should help avoid financial statement errors and help ensure more accurate financial reporting.

**Official's Response:**

The Fiscal Officer has already made the noted adjustment to the noted financial statement upon presentation by the auditor. Going forward the Fiscal Officer will make sure that the funds statement accurately reflects the flow of funds and will present this information to the Board for their inspection and approval.



# OHIO AUDITOR OF STATE KEITH FABER



**PERRY JOINT ECONOMIC DEVELOPMENT DISTRICT**

**LAKE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 9/23/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)