



Mary Taylor, CPA
Auditor of State

**PERRY AREA RECREATION BOARD
LAKE COUNTY**

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Mary Taylor, CPA

Auditor of State

Perry Area Recreation Board
Lake County
3740 Center Road
P.O. Box 491
Perry, Ohio 44081

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA
Auditor of State

April 6, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Perry Area Recreation Board
Lake County
3740 Center Road
P.O. Box 491
Perry, Ohio 44081

To the Board of Trustees:

We have audited the accompanying financial statements of the Perry Area Recreation Board, Lake County, Ohio, (the Board) as of and for the years ended December 31, 2006 and December 31, 2005. These financial statements are the responsibility of the Board'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 Board has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Board to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and December 31, 2005. While the Board does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Board has elected not to reformat its statements. Since the Board does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and December 31, 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Board as of December 31, 2006 and December 31, 2005, or its changes in financial position for the years then ended.

Also in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Perry Area Recreation Board, Lake County, Ohio, as of December 31, 2006 and December 31, 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Board to include Management's Discussion and Analysis for the years ended December 31, 2006 and December 31, 2005. The Board 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 April 6, 2007, on our consideration of the Board'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

April 6, 2007

PERRY AREA RECREATION BOARD
LAKE COUNTY

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
THE GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General Fund</u>
Cash Receipts:	
Member Contributions	\$151,436
Charges for Services	<u>146,230</u>
Total Cash Receipts	<u>297,666</u>
Cash Disbursements:	
Salaries and Fringe Benefits	117,223
Insurance	5,650
Supplies and Materials	39,859
Contractual Services	119,454
Miscellaneous	<u>2,056</u>
Total Cash Disbursements	<u>284,242</u>
Total Receipts Over/(Under) Disbursements	<u>13,424</u>
Fund Cash Balances, January 1, 2006	<u>43,444</u>
Fund Cash Balances, December 31, 2006	<u><u>\$56,868</u></u>

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

**PERRY AREA RECREATION BOARD
LAKE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
THE GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General Fund</u>
Cash Receipts:	
Member Contributions	\$131,238
Charges for Services	<u>127,613</u>
Total Cash Receipts	<u>258,851</u>
Cash Disbursements:	
Salaries and Fringe Benefits	122,522
Insurance	3,085
Supplies and Materials	29,541
Contractual Services	76,839
Miscellaneous	<u>4,838</u>
Total Cash Disbursements	<u>236,825</u>
Total Receipts Over/(Under) Disbursements	<u>22,026</u>
Fund Cash Balances, January 1, 2005	<u>21,418</u>
Fund Cash Balances, December 31, 2005	<u><u>\$43,444</u></u>

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

**PERRY AREA RECREATION BOARD
LAKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Perry Area Recreation Board, Lake County, Ohio, (the Board) is a Community Recreation Board established under the authority of Ohio Rev. Code Section 755.14. The Board is comprised of Perry Township, North Perry Village, Perry Village and the Perry School District. The Board is directed by a five-member Board of Trustees, two members are appointed by the School District, and one from each of the other entities. The Board was formed to promote and provide joint recreation programs for the area. Each member provides membership dues to the Board in accordance with a formula based on their operating budget.

The Board's management believes these financial statements present all activities for which the Board is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Cash Equivalents

The Board's cash and cash equivalents consist of an interest bearing checking account.

D. Fund Accounting

The Board uses fund accounting to segregate cash and investments that are restricted as to use. The Board classifies its funds into the following type:

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

E. Property, Plant, and Equipment

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

**PERRY AREA RECREATION BOARD
LAKE COUNTY**

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

2. EQUITY IN POOLED CASH

The Board maintains cash in an interest bearing checking account. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2006</u>	<u>2005</u>
Total Demand Deposits	<u>\$56,868</u>	<u>\$43,444</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. RISK MANAGEMENT

The Board has obtained commercial insurance for employee dishonesty coverage.



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 Area Recreation Board
Lake County
3740 Center Road
P.O. Box 491
Perry, Ohio 44081

To the Board of Trustees:

We have audited the financial statements of the Perry Area Recreation Board, Lake County, Ohio, (the Board) as of and for the years ended December 31, 2006 and December 31, 2005, and have issued our report thereon dated April 6, 2007, wherein we noted the Board 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 Board'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 Board's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Board'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 Board'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 Board'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 Board's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management and the Board of 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

April 6, 2007



Mary Taylor, CPA
Auditor of State

PERRY AREA RECREATION BOARD

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
MAY 15, 2007**