

***PERRY-NAVARRE JOINT ECONOMIC DEVELOPMENT
DISTRICT***

STARK COUNTY, OHIO

INITIAL AUDIT

For the Years Ended December 31, 2016 and 2015





Dave Yost • Auditor of State

Board of Trustees
Perry-Navarra Joint Economic Development District
27 W Canal St
Navarre, OH 44662

We have reviewed the *Independent Auditor's Report* of the Perry-Navarra Joint Economic Development District, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Perry-Navarra Joint Economic Development District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 25, 2017

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PERRY-NAVARRE JOINT ECONOMIC DEVELOPMENT DISTRICT
STARK COUNTY, OHIO
Initial Audit
For the Years Ended December 31, 2016 and 2015

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Perry-Navarre Joint Economic Development District
Stark County
27 West Canal Street
Navarre, Ohio 44662

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the Perry-Navarre Joint Economic Development District, Stark County, (the District) as of and for the years ended December 31, 2016 and 2015.

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 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 1 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

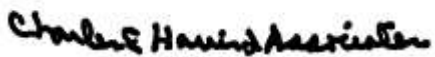
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2016 and 2015, or 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 of the Perry-Navarre Joint Economic Development District, Stark County as of December 31, 2016 and 2015, and its cash receipts and disbursements for the years then ended 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2017, 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.



Charles E. Harris & Associates, Inc.

May 31, 2017

**PERRY-NAVARRE JOINT ECONOMIC DEVELOPMENT DISTRICT
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>
Cash Receipts	
Earnings on Investments	<u>\$4,056</u>
<i>Total Cash Receipts</i>	<u>4,056</u>
<i>Net Change in Fund Cash Balances</i>	4,056
<i>Fund Cash Balances, January 1</i>	<u>565,428</u>
Fund Cash Balances, December 31	
Unassigned	<u>569,484</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$569,484</u></u>

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

**PERRY-NAVARRE JOINT ECONOMIC DEVELOPMENT DISTRICT
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>
Cash Receipts	
Earnings on Investments	<u>\$2,209</u>
<i>Total Cash Receipts</i>	<u>2,209</u>
Cash Disbursements	
Current:	
General Government	<u>3,106</u>
<i>Total Cash Disbursements</i>	<u>3,106</u>
<i>Net Change in Fund Cash Balances</i>	(897)
<i>Fund Cash Balances, January 1</i>	<u>566,325</u>
Fund Cash Balances, December 31	
Unassigned	<u>565,428</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$565,428</u></u>

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

Perry-Navarre Joint Economic Development District
Stark County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 1 – Summary of Significant Accounting Policies

A. Description of the Entity

The Perry-Navarre Joint Economic Development District, Stark County, Ohio (the District) contract was entered into as of July 15, 1996 under the authority of Ohio Revised Code Sections 715.72 through 715.81. The District is comprised of the Village of Navarre and Perry Township. The District operates under an appointed five-member Board of Trustees established in accordance with said Ohio Revised Code Sections. The District was formed for the purpose of facilitating economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State and in the areas of the Village and the Township. Pursuant to the Code Sections, the Board adopted a resolution to levy an income tax in the District to be equal to the Village's rate, currently 1.5 percent, effective January 1, 1997 for a period of ten years expiring in 2006. Following the expiration of the initial agreement in 2006, the term of the Perry-Navarre Joint Economic Development District was extended through December 31, 2046 with no requirement of income tax collections.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). 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 include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

C. Cash and Cash Equivalents

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

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District has the following fund:

General Fund

The General Fund accounts for and reports all financial resources.

Perry-Navarre Joint Economic Development District

Stark County

Notes to the Financial Statements

For the Years Ended December 31, 2016 and 2015

Note 1 – Summary of Significant Accounting Policies (continued)

E. 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 *nonspendable* 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

The Board can *commit* amounts via formal action (resolution). The District must adhere 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 *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 District's Board or a District official delegated that authority by resolution, or by State Statute. The Board may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

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 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-Navarre Joint Economic Development District

Stark County

Notes to the Financial Statements

For the Years Ended December 31, 2016 and 2015

Note 2 – Deposits and Investments

The District maintains an interest bearing checking account. Funds held by the Village of Navarre as Fiscal Agent for the District are maintained in a bank account of the Village. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2016	2015
Demand deposits	<u>\$569,484</u>	<u>\$565,428</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Note 3 - Risk Management

Commercial Insurance - The District has elected to not procure commercial insurance for comprehensive property and general liabilities as the District has no physical assets nor does the Board perform any operation or provide any direct service that would subject the District to property loss or liability claims.

Surety Bonds – In accordance with the Ohio Revised Code, the District maintains surety bonds all Board members and officers.

Note 4 – Contingent Liabilities

Management believes there are no pending claims or lawsuits.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Perry-Navarre Joint Economic Development District
Stark County
27 West Canal Street
Navarre, Ohio 44662

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 of the Perry-Navarre Joint Economic Development District, Stark County, (the District) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated May 31, 2017 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.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the 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 a 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

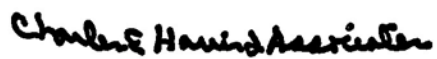
Compliance and Other Matters

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, 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*.

We noted a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated May 31, 2017.

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 communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
May 31, 2017



Dave Yost • Auditor of State

PERRY – NAVARRE JOINT ECONOMIC DEVELOPMENT DISTRICT

STARK 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
AUGUST 8, 2017**