

Coventry – Akron
Bath-Akron-Fairlawn
Joint Economic Development District

FINANCIAL REPORT



For the Fiscal Year Ended December 31, 2017 and 2016
Issued by the Department of Finance

For the Fiscal Year Ended December 31, 2020
Issued by the City of Akron, Department of Finance

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Bath-Akron-Fairlawn Joint Economic Development District
166 South High Street
Akron, Ohio 44308

We have reviewed the *Independent Auditor's Report* of the Bath-Akron-Fairlawn Joint Economic Development District, Summit County, prepared by Plante & Moran, PLLC, for the audit period January 1, 2020 through December 31, 2020. 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 Bath-Akron-Fairlawn Joint Economic Development District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 23, 2021

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Bath - Akron - Fairlawn
Joint Economic Development District
For the Years Ended December 31, 2020

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Independent Auditor's Report

To the Board of Directors
Bath-Akron-Fairlawn Joint Economic Development District

Report on the Financial Statement

We have audited the accompanying financial statement of Bath-Akron-Fairlawn Joint Economic Development District (the "District"), which comprises the statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the year ended December 31, 2020, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

As described more fully in Note 1 to the financial statement, the District prepared the financial statement using accounting practices prescribed or permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which have practices that differ from accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Though the District does not intend the statement to conform to generally accepted accounting principles (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 permitted by Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). Our opinion on this accounting basis is in the *Unmodified Opinion on Regulatory Basis of Accounting* paragraph below.

To the Board of Directors
Bath-Akron-Fairlawn Joint Economic Development District

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 statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District or its changes in financial position thereof for the year ended December 31, 2020.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances (regulatory cash basis) of Bath-Akron-Fairlawn Joint Economic Development District for the year ended December 31, 2020 in accordance with financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), as described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2021 on our consideration of Bath-Akron-Fairlawn Joint Economic Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Bath-Akron-Fairlawn Joint Economic Development District's internal control over financial reporting and compliance.

Plante & Moran, PLLC

June 18, 2021

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Directors
Bath-Akron-Fairlawn Joint Economic Development District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Bath-Akron-Fairlawn Joint Economic Development District (the "District"), which comprises the statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the year ended December 31, 2020, and the related notes to the financial statement and have issued our report thereon dated June 18, 2021, wherein we noted the District followed the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statement will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Directors
Bath-Akron-Fairlawn Joint Economic Development District

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moreau, PLLC

June 18, 2021

Bath - Akron - Fairlawn
Joint Economic Development District
Statement of Receipts, Disbursements and Changes in Fund Balances
(Regulatory Cash Basis)
For the Year Ended December 31, 2020

Cash Receipts	
JEDD Income taxes	\$8,257,030
Cash Disbursements	
Administrative Expense	101,099
Income Tax Sharing	547,288
Payments to City of Akron	3,655,113
Payments to City of Fairlawn	3,803,405
Refunds	145,022
Other	5,103
Total Cash Disbursements	8,257,030
Excess of receipts over disbursements	0
Net change in fund cash balance	0
Fund cash balances, January 1, 2020	0
Fund cash balances, December 31, 2020	\$0

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

Bath-Akron-Fairlawn Joint Economic Development District

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

In 1998 the City of Akron entered into a JEDD contract with Bath Township (Bath) and the City of Fairlawn (Fairlawn). This contract created the District under the authority of the Ohio Revised code Sections 715.70 and 715.71 and was approved by voters in November 1998 with an effective date of January 1, 1999. The District operates under an appointed nine member Board of Directors established in accordance with Ohio Revised Code Section 715.70(E). The District Board has approved an income tax rate equal to the rate of municipal income tax levied by the City of Akron, currently at a rate of 2.5%. The purpose of the District is assure the continued economic viability of Bath Township, while preserving employment opportunities and improving the economic welfare of the people in the region.

B. Accounting Basis

The financial statement follows 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. Receipts are recognized when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

This statement includes 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. Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services and are not reflected in the Fund cash balances. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The outstanding encumbrance balances are as follows:

<u>Fund Balances:</u>	<u>December 31, 2020</u>
Outstanding Encumbrances	\$ 2,500.00
Total	<u>\$ 2,500.00</u>

D. Cash and Cash Equivalents, Fund Balance, and Cash Deposits

The District does not have cash or cash equivalents. The fund balance, or cash equivalents, is expended in their entirety as the income taxes are collected.

E. Local Income Tax

The District Board levies an income tax equal to the rate of municipal income tax levied by the City of Akron, currently at a rate of 2.5%, on substantially all earned income arising from employment or business activities with the district. The District Board has contracted with the City of Akron to administer, collect and enforce the income tax on behalf of the District. The Director of Finance of the City of Akron shall be the Administrator of the income tax of the District, who shall be responsible for the receipt, safekeeping and investment of the income tax revenues collected within the District.

The Tax Agreement provides that the Administrator quarterly shall provide the District with an amount sufficient to pay the outstanding or expected administrative expenses of the operation of the District of that quarter. The balance of the net district revenue shall be distributed by the Administrator in accordance with the contract, without need of further action by the Treasurer or District Board.

F. Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the global Coronavirus Disease 2019 (COVID-19) pandemic. As a result of the pandemic the City of Akron, in conformity with the United States and the State of Ohio, extended the income tax filing deadline to May 17, 2021.

OHIO AUDITOR OF STATE KEITH FABER



BATH-AKRON-FAIRLAWN JOINT ECONOMIC DEVELOPMENT DISTRICT

SUMMIT 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 9/2/2021

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This report is a matter of public record and is available online at
www.ohioauditor.gov