



OHIO AUDITOR OF STATE  
**KEITH FABER**





HARPERSFIELD-GENEVA JOINT ECONOMIC DEVELOPMENT DISTRICT 2  
ASHTABULA COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12<sup>th</sup> Floor  
615 Superior Avenue, NW  
Cleveland, Ohio 44113-1801  
(216) 787-3665 or (800) 626-2297  
NortheastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

Harpersfield-Geneva Joint Economic Development District 2  
Ashtabula County  
44 North Forest Street  
Geneva, Ohio 44041

To the Board of Trustees:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Harpersfield-Geneva Joint Economic Development District 2, Ashtabula County, Ohio (the District) as of and for the years ended December 31, 2019 and 2018.

### ***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, 2019 and 2018, 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 by fund type, and related notes of the Harpersfield-Geneva Joint Economic Development District 2, Ashtabula County, as of December 31, 2019 and 2018, and 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 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2020, 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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State

Columbus, Ohio

September 28, 2020

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**HARPERSFIELD-GENEVA JOINT ECONOMIC DEVELOPMENT DISTRICT 2  
ASHTABULA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCE (REGULATORY CASH BASIS)  
GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General
<b>Cash Receipts</b>	
Income Taxes	\$267,889
Earnings on Investments	65
Miscellaneous	14,503
	282,457
<i>Total Cash Receipts</i>	<i>282,457</i>
<b>Cash Disbursements</b>	
City of Geneva Disbursement	200,917
Harpersfield Township Disbursement	53,578
JEDD 2 Board Disbursement	13,394
Dues and Subscriptions	2,000
Contract Services	23,701
Operating Expenses	101
	293,691
<i>Total Cash Disbursements</i>	<i>293,691</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(11,234)</i>
<i>Fund Cash Balances, January 1</i>	<i>56,800</i>
<b>Fund Cash Balances, December 31</b>	
Unassigned (Deficit)	45,566
<i>Fund Cash Balances, December 31</i>	<i>\$45,566</i>

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

**Harpersfield-Geneva Joint Economic Development District 2**

*Ashtabula County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The Harpersfield Township – City of Geneva Joint Economic Development District 2, Ashtabula County, Ohio (the District) contract was entered into in December 2005 under the authority of Ohio Revised Code Sections 715.72 through 715.83. The District is comprised of Harpersfield Township and the City of Geneva. The District operates under an appointed five member Board of Directors established in accordance with Ohio Revised Code Section 715.78(A). The purpose of the District is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the District. Economic development includes development for industry, commerce, distribution or research, as well as other development as determined by the contracting parties. Pursuant to Ohio Revised Code 715.74, the Board adopted a resolution to levy an income tax in the District at a rate of 1.5%.

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***

The District's financial statements consist of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for the governmental fund type which is organized on a fund type basis.

***Fund Accounting***

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The fund of the District is presented below:

***General Fund:*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Basis of Accounting***

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 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***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.

Harpersfield-Geneva Joint Economic Development District 2

Ashtabula County

Notes to the Financial Statements

For the Year Ended December 31, 2019

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**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** - Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend 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 District Trustees or a District 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 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.

**Note 3 – Deposits**

The District maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2019
Demand deposits (Primary Checking)	<u>\$45,566</u>
Total deposits	<u><u>\$45,566</u></u>

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation.

**Harpersfield-Geneva Joint Economic Development District 2**

*Ashtabula County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**Note 4 – Local Income Tax**

The City of Geneva and Harpersfield Township entered into the agreement to facilitate the economic development and the agreement provides that the Board of Directors of the District operate by the terms bylaws established. The Board of Directors adopted a resolution to levy income tax in accordance with Section 715.71 of the Revised Code and the Board entered into an agreement with the City of Geneva to administer, collect and enforce the income tax on behalf of the District. The total of income tax collected was \$267,889 and distributions were made to the City of Geneva in the amount of \$200,917, Harpersfield Township in the amount of \$53,578 and the JEDD II Board in the amount of \$13,394.

**Note 5 – Risk Management**

The District has obtained commercial insurance for general liabilities.

**HARPERSFIELD-GENEVA JOINT ECONOMIC DEVELOPMENT DISTRICT 2  
ASHTABULA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCE (REGULATORY CASH BASIS)  
GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General
<b>Cash Receipts</b>	
Income Taxes	\$264,998
Earnings on Investments	31
Miscellaneous	13,153
	278,182
<i>Total Cash Receipts</i>	<i>278,182</i>
<b>Cash Disbursements</b>	
City of Geneva Disbursement	198,749
Harpersfield Township Disbursement	53,000
JEDD 2 Board Disbursement	13,250
Website	155
Dues and Subscriptions	2,000
Business Expense	717
Contract Services	25,701
Operating Expenses	45
	293,617
<i>Total Cash Disbursements</i>	<i>293,617</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(15,435)</i>
<i>Fund Cash Balances, January 1</i>	<i>72,235</i>
<b>Fund Cash Balances, December 31</b>	
Unassigned (Deficit)	56,800
<i>Fund Cash Balances, December 31</i>	<i>\$56,800</i>

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

**Harpersfield-Geneva Joint Economic Development District 2**

*Ashtabula County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

---

**Note 1 – Reporting Entity**

The Harpersfield Township – City of Geneva Joint Economic Development District 2, Ashtabula County, Ohio (the District) contract was entered into in December 2005 under the authority of Ohio Revised Code Sections 715.72 through 715.83. The District is comprised of Harpersfield Township and the City of Geneva. The District operates under an appointed five member Board of Directors established in accordance with Ohio Revised Code Section 715.78(A). The purpose of the District is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the District. Economic development includes development for industry, commerce, distribution or research, as well as other development as determined by the contracting parties. Pursuant to Ohio Revised Code 715.74, the Board adopted a resolution to levy an income tax in the District at a rate of 1.5%.

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***

The District's financial statements consist of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for the governmental fund type which is organized on a fund type basis.

***Fund Accounting***

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The fund of the District is presented below:

***General Fund:*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Basis of Accounting***

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 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***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.

**Harpersfield-Geneva Joint Economic Development District 2**

Ashtabula County

Notes to the Financial Statements

For the Year Ended December 31, 2018

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**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** - Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend 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 District Trustees or a District 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 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.

**Note 3 – Deposits**

The District maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2018
Demand deposits (Primary Checking)	<u>\$41,507</u>
Certificates of deposit	15,293
Total deposits and investments	<u><u>\$56,800</u></u>

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation.

**Harpersfield-Geneva Joint Economic Development District 2**

*Ashtabula County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 4 – Local Income Tax**

The City of Geneva and Harpersfield Township entered into the agreement to facilitate the economic development and the agreement provides that the Board of Directors of the District operate by the terms bylaws established. The Board of Directors adopted a resolution to levy income tax in accordance with Section 715.71 of the Revised Code and the Board entered into an agreement with the City of Geneva to administer, collect and enforce the income tax on behalf of the District. The total of income tax collected was \$264,999 and distributions were made to the City of Geneva in the amount of \$198,749, Harpersfield Township in the amount of \$53,000 and the JEDD II Board in the amount of \$13,250.

**Note 5 – Risk Management**

The District has obtained commercial insurance for general liabilities.



# OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12<sup>th</sup> Floor  
615 Superior Avenue, NW  
Cleveland, Ohio 44113-1801  
(216) 787-3665 or (800) 626-2297  
NortheastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Harpersfield-Geneva Joint Economic Development District 2  
Ashtabula County  
44 North Forest Street  
Geneva, Ohio 44041

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 by fund type of the Harpersfield-Geneva Joint Economic Development District 2, Ashtabula County, (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2020, 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 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*.

***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 28, 2020

# OHIO AUDITOR OF STATE KEITH FABER



**HARPERSFIELD – GENEVA JOINT ECONOMIC DEVELOPMENT DISTRICT #2**

**ASHTABULA 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 10/8/2020**

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)