

**PRAIRIE-OBETZ JOINT ECONOMIC DEVELOPMENT ZONE  
FRANKLIN COUNTY, OHIO**

**FINANCIAL STATEMENTS  
(AUDITED)**

**FOR THE YEARS ENDED  
DECEMBER 31, 2013 AND 2012**

**JEFFREY WILCHECK, CPA, FISCAL OFFICER**





# Dave Yost • Auditor of State

Board of Directors  
Prairie-Obetz Joint Economic Development Zone  
4175 Alum Creek Drive  
Obetz, Ohio 43207

We have reviewed the *Independent Auditor's Report* of the Prairie-Obetz Joint Economic Development Zone, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2012 through December 31, 2013. 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 Prairie-Obetz Joint Economic Development Zone 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 28, 2014

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**PRAIRIE-OBETZ JOINT ECONOMIC DEVELOPMENT ZONE  
FRANKLIN COUNTY, OHIO**

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### Independent Auditor's Report

Prairie-Obetz Joint Economic Development Zone  
Franklin County  
4175 Alum Creek Drive  
Obetz, Ohio 43207

To the Board of Directors:

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

We have audited the accompanying financial statement and related notes of the Prairie-Obetz Joint Economic Development Zone, Franklin County, Ohio, as of and for the years ended December 31, 2013 and 2012.

#### ***Management's Responsibility for the Financial Statement***

Management is responsible for preparing and fairly presenting 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) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting the financial statements free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to opine on this 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 the financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statements misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Prairie-Obetz Joint Economic Development Zone's preparation and fair presentation of the financial statement 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 Prairie-Obetz Joint Economic Development Zone'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 opinion.

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

As described in Note 2 of the financial statement, the Prairie-Obetz Joint Economic Development Zone prepared this financial statement 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, to satisfy requirements.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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 Prairie-Obetz Joint Economic Development Zone as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Prairie-Obetz Joint Economic Development Zone, Franklin County, Ohio, as of December 31, 2013 and 2012, 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) permits, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2014, on our consideration of the Prairie-Obetz Joint Economic Development Zone's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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 Prairie-Obetz Joint Economic Development Zone's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
June 18, 2014

**PRAIRIE-OBETZ JOINT ECONOMIC DEVELOPMENT ZONES**  
**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS**  
**AND CHANGES IN FUND CASH AND BALANCES**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
<b>Cash Receipts:</b>		
Income Taxes	\$ 3,224,615	\$ 1,743,330
Interest	681	440
Total Cash Receipts	3,225,296	1,743,770
<b>Cash Disbursements:</b>		
<b>Current:</b>		
Legal	43	0
Income Tax Disbursements, Prairie Township	1,195,633	632,654
Income Tax Disbursements, Village of Obetz	1,887,841	998,928
Economic Development Strategic Plan, Prairie Township CIC	20,000	0
Income Tax Collection Fee	62,090	69,733
Administrative Fee	16,123	8,717
Bank Charges	355	193
Total Cash Disbursements	3,182,085	1,710,225
Net Change in Fund Cash Balances	43,211	33,545
Fund Cash Balances, January 1	33,545	0
<b>Fund Cash Balances, December 31:</b>		
Unassigned	\$ 76,756	\$ 33,545

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

**PRAIRIE-OBETZ JOINT ECONOMIC DEVELOPMENT ZONE  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1 - DESCRIPTION OF THE ENTITY**

The Prairie-Obetz Joint Economic Development Zone (the “JEDZ”) is a body politic and corporate for the purpose of enjoying and exercising the rights and privileges conferred upon it under a contract between Prairie Township (the “Township”) and the Village of Obetz (the “Village”). The JEDZ may sue and be sued, and plead and be impleaded in its own name. The Board has specific powers set forth in the contract and, in addition, shall have the power to do all acts that it determines to be necessary and appropriate to carry out its authorized purposes pursuant to Ohio Revised Code Section 715.691.

The Board is authorized to promote, advertise, and publicize the JEDZ and its authorized purposes, and provide information to persons with an interest in establishing or expanding business and employment opportunities within the JEDZ. The Board may establish and collect fees for the provision of any promotional, advertising, and publicity services rendered at the request of a business or landowner within the JEDZ.

The JEDZ operates under a board established by the Village and Township with each appointing three members of the Board to serve terms of two years. No member of the Board shall be an elected officer of the Village or the Township. The Village and Township, in their sole discretion, may reappoint members of the Board for additional terms on the Board. The members of the Board serve without compensation. The JEDZ operates on a calendar year basis.

The term of the contract for the existence of the JEDZ terminates on December 31, 2061, and automatically renews unless the Township or the Village provides written notice to the other that it has elected to not renew the contract (see Note 6). Notice is to be not more than 365 days and not less than 180 days prior to the expiration of the then current term of the contract. Upon the termination, (i) the levy of JEDZ income tax shall cease, (ii) any remaining assets or funds of the JEDZ shall be distributed as follows: 20% to the Village and 80% to the Township, and (iii) the Village and the Township shall be the successors in interest to any uncollected funds and unliquidated assets of the JEDZ, including the interest of the JEDZ in any legal proceedings, in the proportions set forth above.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is the cash receipts and disbursements accounting basis. The JEDZ 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.

**PRAIRIE-OBETZ JOINT ECONOMIC DEVELOPMENT ZONE  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**B. Fund Accounting**

The JEDZ uses fund accounting to maintain its financial records. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds can be used to segregate resources that are restricted as to use. The JEDZ's only fund is the General Fund.

**C. Cash**

JEDZ cash is held in one checking depository account. There were no investments during the year. The account was fully insured by the Federal Deposit Insurance Corporation.

**D. Fund Balance Classifications**

The fund cash balance is divided into five classifications, based primarily on the extent to which the JEDZ must observe constraints in the JEDZ contract. The classifications are based upon GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and are as follows:

Non-spendable - When amounts cannot be spent because they are either: (a), not in a spendable form; or (b), legally or contractually required to be maintained intact.

Restricted - When constraints placed on the use of resources are either: (a), externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b), imposed by law through constitutional provisions or enabling legislation.

Committed - When the Board of Directors passes resolutions requiring specific revenues be used for specific purposes. The Board of Directors can modify or rescind such resolutions at any time through additional formal action.

Assigned - When a revenue source is not previously restricted or committed, but the Treasurer determines, in the Treasurer's professional opinion, that the assigning of the revenue is desired or made at the direction of the Board of Directors.

Unassigned - When resources have not been assigned to other Board of Director commitments or contractual responsibilities, and have not been restricted, committed, or assigned to any other specific purposes.

**PRAIRIE-OBETZ JOINT ECONOMIC DEVELOPMENT ZONE  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The JEDZ will apply 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 balances, 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 - INCOME TAXES**

The JEDZ levies a 2 percent income tax whose proceeds are placed into the General Fund. The JEDZ levies and collects the tax on all income earned within the JEDZ as well as on incomes of residents earned outside the JEDZ. Employers within the JEDZ are required to withhold income tax on employee earnings and remit the tax to the JEDZ at least quarterly. Individual taxpayers, whose only income is subject to withholding by employers are not required to file a final annual return. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a final return annually.

The net income tax revenues are distributed 38 percent to the Township, and 60 percent to the Village. The distributions are made quarterly. The allocation to the Township is restricted to purposes of the JEDZ. The allocation to the Village is recorded in the general fund. The JEDZ Board retains two percent for operations of the JEDZ.

**NOTE 4 - CASH**

The carrying amount of cash as of December 31, 2013 and December 31, 2012 was as follows:

	<u>2013</u>	<u>2012</u>
Demand Deposits	<u>\$ 76,756</u>	<u>\$ 33,545</u>

**NOTE 5 - CONTRIBUTIONS**

As part of the contract forming the JEDZ, the Township and Village provide certain services to the JEDZ. The Township furnishes all usual and customary governmental services furnished by the Township to the other territory of the Township, including, but not limited to administration of zoning, maintenance of township roads, snow removal, fire protection, police protection, emergency medical services and general administration. The Village, pursuant to the JEDZ income tax agreement, furnishes services set forth in the income tax agreement and engages activities to promote, complement and benefit economic development in the JEDZ. The Township and the Village may provide additional services as allowed by law as the Township and/or Village and the Board deem appropriate and agree. The fair value of the services provided are not determined and recorded in the financial statements.

**PRAIRIE-OBETZ JOINT ECONOMIC DEVELOPMENT ZONE  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 6 - CONTRACTUAL COMMITMENTS**

- A. The JEDZ contracts with the Village of Obetz (the “Village”) for the collection of the Income Tax. The Board compensates the Village for all expenses including legal fees, incurred by the Village in connection with the collection of the income tax. In addition, the Village receives one half of one percent for serving as fiscal agent and fiscal officer for the JEDZ. The amounts paid to the Village for these services in 2013 and 2012 were \$78,213 and \$78,450, respectively.
  
- B. Under the JEDZ contract, the Township and Village entered into a Cooperative Economic Development Agreement which addresses the continued economic development within the CEDA territory. The CEDA provides for cooperative economic development payments to the Township in consideration of the Township’s waiver of its right to terminate the JEDZ Contract, and provides for the provision of additional governmental services by the Township to the CEDA Territory. The additional services provided by the Township include enhanced police protection services, enhanced fire inspection and protection services and enhanced landscaping to the CEDA Territory. The Township may also from time to time provide additional or enhanced governmental services to the CEDA Territory.

In consideration of Township’s waiver of its right to terminate the JEDZ Contract and its provisions of services to the CEDA Territory, the Village pays an amount equal two-thirds of the amount of the proceeds of the JEDZ Income Tax that the Village receives pursuant the JEDZ Agreement. The Cooperative Economic Development Payments are paid quarterly to the Township, by the Village. The amount remitted to the Township under the CEDA in 2013 and 2012 was \$665,952 and \$1,258,560, respectively. These amounts were unrestricted and recorded to the general fund.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Prairie-Obetz Joint Economic Development Zone  
Franklin County  
4175 Alum Creek Drive  
Obetz, Ohio 43207

To the Board of Directors:

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 statement of the Prairie-Obetz Joint Economic Development Zone, Franklin County, Ohio, as of and for the years ended December 31, 2013 and 2012 and the related notes to the financial statement and have issued our report thereon dated June 18, 2014 wherein we noted the Prairie-Obetz Joint Economic Development Zone 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 Prairie-Obetz Joint Economic Development Zone's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statement, but not to the extent necessary to opine on the effectiveness of the Prairie-Obetz Joint Economic Development Zone'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 Prairie-Obetz Joint Economic Development Zone's financial statement. 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.

Board of Directors  
Prairie-Obetz Joint Economic Development Zone

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 Prairie-Obetz Joint Economic Development Zone's financial statement is 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 did note a certain matter not requiring inclusion in this report that we reported to the Prairie-Obetz Joint Economic Development Zone's management in a separate letter dated June 18, 2014.

***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 Prairie-Obetz Joint Economic Development Zone's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Prairie-Obetz Joint Economic Development Zone's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
June 18, 2014



# Dave Yost • Auditor of State

**PRAIRIE-OBETZ JOINT ECONOMIC DEVELOPMENT ZONE**

**FRANKLIN 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 7, 2014**