

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

**BASIC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

M. MATTHEW CRAMBLIT, 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, 2016 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 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

August 4, 2017

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

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Julian & Grube, Inc.
Serving Ohio Local Governments

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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 statements of the governmental activities and major fund of Prairie-Obetz Joint Economic Development Zone, Franklin County, Ohio, as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Prairie-Obetz Joint Economic Development Zone's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 Prairie-Obetz Joint Economic Development Zone'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 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Prairie-Obetz Joint Economic Development Zone, Franklin County, Ohio, as of December 31, 2016, and the changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017, 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 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 Prairie-Obetz Joint Economic Development Zone's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 28, 2017

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

The management's discussion and analysis of the Prairie-Obetz Joint Economic Development Zone (the "JEDZ") financial performance provides an overall review of the JEDZ's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the JEDZ's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the JEDZ's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- The total net position of the JEDZ was \$237,185 at December 31, 2016.
- Total governmental activities revenues were \$4,604,823, all of which were general revenues, and total expenses were \$4,496,363.
- The general fund had revenues of \$4,430,516 and expenditures of \$4,496,363 in 2016. The general fund's fund balance decreased \$65,847 from \$128,725 to \$62,878.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the JEDZ as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the JEDZ as a whole, presenting both an aggregate view of the JEDZ's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For the governmental fund, these statements tell how services were financed in the short-term as well as what remains for future spending. All activities of the JEDZ are reported in the General Fund.

Reporting the JEDZ as a Whole

Statement of Net Position and the Statement of Activities

While this document contains funds used by the JEDZ to provide programs and activities, the view of the JEDZ as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The statement of net position and the statement of activities answer this question. These statements include all assets, liabilities, deferred inflows and outflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the JEDZ's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the JEDZ as a whole, the financial position of the JEDZ has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

The JEDZ's statement of net position and statement of activities can be found on pages 7 - 8 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016

Reporting the JEDZ's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The JEDZ, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All activities of the JEDZ are reported in the General Fund. The basic governmental fund financial statements can be found on pages 9 - 12 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 13 - 20 of this report.

Government-Wide Financial Analysis

The table below provides a summary of the JEDZ's assets, liabilities and net position at December 31, 2016 and 2015:

	Net Position	
	Governmental Activities <u>2016</u>	Governmental Activities <u>2015</u>
<u>Assets</u>		
Current and other assets	\$ 1,406,140	\$ 1,241,332
<u>Liabilities</u>		
Current and other liabilities	<u>1,168,955</u>	<u>1,112,607</u>
<u>Net position</u>		
Unrestricted	<u>\$ 237,185</u>	<u>\$ 128,725</u>

Over time, net position can serve as a useful indicator of a government's financial position. At year-end, net position was \$237,185 for the governmental activities, all of which is unrestricted. This is the amount by which assets (cash and cash equivalents, accrued interest receivable and income taxes receivable) exceeded liabilities (due to other governments) at December 31, 2016. During 2016, assets and liabilities both increased as a result of increased income tax activity within the JEDZ in 2016 that will be collected in 2017. The increase in income tax activity correspondingly leads to an increase in the distribution amounts due to Prairie Township and the Village of Obetz.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

The following table provides a summary of the JEDZ's change in net position for its governmental activities for 2016 and 2015.

Change in Net Position

	Governmental Activities 2016	Governmental Activities 2015
	<u>2016</u>	<u>2015</u>
Revenues		
General revenues:		
Income taxes	\$ 4,603,012	\$ 4,424,181
Investment earnings	<u>1,811</u>	<u>1,598</u>
Total general revenues	<u>4,604,823</u>	<u>4,425,779</u>
Expenses:		
Economic development:		
Income tax disbursements, Prairie Township	1,657,009	1,676,024
Income tax disbursements, Village of Obetz	2,616,329	2,648,961
Economic development strategic plan, Prairie Township CIC	150,197	78,484
Income tax collection fee	39,955	44,906
Administrative fee	22,114	22,120
Bank charges	475	501
Other	<u>10,284</u>	<u>15,023</u>
Total expenses	<u>4,496,363</u>	<u>4,486,019</u>
Change in net position	108,460	(60,240)
Net position at beginning of year	<u>128,725</u>	<u>188,965</u>
Net position at end of year	<u>\$ 237,185</u>	<u>\$ 128,725</u>

Governmental Activities

Revenues of \$4,604,823 exceeded expenses of \$4,496,363 resulting in an increase in net position of \$108,460 during 2016. Revenues increased \$179,044 in 2016 due to an increase in income tax revenue received by the JEDZ. Expenses increased \$10,344 as a result of increased economic development expenses made to the Prairie Township CIC.

Governmental Fund

The focus of the JEDZ's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the JEDZ's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the JEDZ's net resources available for spending at year-end.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

The JEDZ's governmental fund (as presented on the balance sheet on page 9) reported a fund balance of \$62,878 which is \$65,847 lower than last year's fund balance of \$128,725. Unassigned fund balance at December 31, 2016 was \$61,938.

General Fund

The JEDZ's General Fund balance decreased \$65,847. The table that follows assists in illustrating the revenues and expenditures of the General Fund for 2016 and 2015.

	<u>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>
<u>Revenues</u>		
Income taxes	\$ 4,428,705	\$ 4,424,181
Earnings on investments	<u>1,811</u>	<u>1,598</u>
Total revenues	<u>\$ 4,430,516</u>	<u>\$ 4,425,779</u>
<u>Expenditures</u>		
Income tax disbursements, Prairie Township	\$ 1,657,009	\$ 1,676,024
Income tax disbursements, Village of Obetz	2,616,329	2,648,961
Economic development strategic plan, Prairie Township CIC	150,197	78,484
Income tax collection fee	39,955	44,906
Administrative fee	22,114	22,120
Bank charges	475	501
Other	<u>10,284</u>	<u>15,023</u>
Total expenditures	<u>\$ 4,496,363</u>	<u>\$ 4,486,019</u>

Current Issues

The challenge for all Joint Economic Development Zone's is to provide quality services to the businesses residing within the boundaries of the JEDZ while staying within sometimes an unpredictable amount of revenues. The Board of Directors is continuously assessing not only the current needs of the businesses but also the future needs of current and future businesses.

Contacting the JEDZ's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the JEDZ's finances and to reflect the JEDZ's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mr. Matthew Cramblit, Fiscal Officer, 4175 Alum Creek Drive, Obetz, Ohio, 43207.

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

STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 31,778
Receivables:	
Income taxes.	1,372,794
Accrued interest	628
Prepayments	940
Total assets	1,406,140
Liabilities:	
Due to other governments	1,168,955
Net position:	
Unrestricted	237,185
Total net position	\$ 237,185

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

		Governmental Activities
<hr/>		
Expenses:		
Economic development:		
Income tax disbursements, Prairie Township	\$	1,657,009
Income tax disbursements, Village of Obetz.		2,616,329
Economic development strategic plan, Prairie Township CIC.		150,197
Income tax collection fee		39,955
Administrative fee		22,114
Bank charges.		475
Other.		10,284
		<hr/>
Total program expenses.		4,496,363
		<hr/>
Revenues:		
General revenues:		
Income taxes.		4,603,012
Earnings on investments.		1,811
		<hr/>
Total general revenues.		4,604,823
		<hr/>
Change in net position.		108,460
		<hr/>
Net position at beginning of year.		128,725
		<hr/>
Net position at end of year.	\$	<u>237,185</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2016

		<u>General</u>
Assets:		
Equity in pooled cash and cash equivalents	\$	31,778
Receivables:		
Income taxes.		1,372,794
Accrued interest		628
Prepayments		940
		<hr/>
Total assets		1,406,140
		<hr/>
Liabilities:		
Due to other governments.		1,168,955
Deferred inflows of resources:		
Income tax revenue not available		174,307
		<hr/>
Total liabilities and deferred inflows of resources.		1,343,262
		<hr/>
Fund balance:		
Nonspendable		940
Unassigned		61,938
		<hr/>
Total fund balance.	\$	<u>62,878</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2016

Total governmental fund balance	\$	62,878
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*Amounts reported for governmental activities on the
statement of net position are different because:*

Income tax receivables that are not available to pay for current-period
expenditures and therefore are deferred inflows of resources in
governmental funds.

174,307

Net position of governmental activities

\$	237,185
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	General
Revenues:	
Income taxes	\$ 4,428,705
Earnings on investments	1,811
Total revenues	4,430,516
Expenditures:	
Economic development:	
Income tax disbursements, Prairie Township	1,657,009
Income tax disbursements, Village of Obetz.	2,616,329
Economic development strategic plan, Prairie Township CIC.	150,197
Income tax collection fee	39,955
Administrative fee	22,114
Bank charges.	475
Other.	10,284
Total expenditures.	4,496,363
Net change in fund balance	(65,847)
Fund balance at beginning of year.	128,725
Fund balance at end of year	\$ 62,878

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Net change in fund balance - total governmental funds	\$ (65,847)
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*Amounts reported for governmental activities in the
statement of activities are different because:*

Income tax revenues in the statement of activities that do not provide
provide current financial resources are not reported as revenues in
governmental funds.

174,307

Change in net position of governmental activities
--

<u>\$ 108,460</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 1 - DESCRIPTION OF THE JEDZ

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 8). 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.

The management of the JEDZ believes these financial statements present all activities for which the JEDZ is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the JEDZ have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the JEDZ’s accounting policies are described below.

A. Basis of Presentation

The JEDZ’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the JEDZ as a whole. These statements include the financial activities of the primary government. JEDZ activities generally are financed through a tax on income earned in the JEDZ.

The statement of net position presents the financial condition of the governmental activities of the JEDZ at year end. The statement of activities compares expenses with program revenues for each of the JEDZ's activities. Expenses are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the JEDZ is responsible. Program revenues include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational requirements of a particular program and revenues of interest earned on grants that is required to be used to support a particular program. General revenues are all receipts not classified as program revenues, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the JEDZ's general revenues. The JEDZ did not have any program revenues in 2016.

Fund Financial Statements - During the year, the JEDZ segregates transactions related to certain JEDZ functions or activities into a separate fund in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the JEDZ at this more detailed level. All activities of the JEDZ are reported in one fund, the General Fund.

B. Fund Accounting

The JEDZ uses one fund 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. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets and deferred outflows of resources are assigned to governmental funds according to the purposes for which they may or must be used. Liabilities and deferred inflows of resources are assigned to the fund from which they will be paid. Governmental fund assets and deferred outflows of resources less liabilities and deferred inflows of resources is reported as fund balance. All activities of the JEDZ are reported in one fund, the General Fund.

The JEDZ has no proprietary or fiduciary funds.

C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the JEDZ are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

Fund Financial Statements - Governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation, where applicable, with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and in the presentation of expenses versus expenditures.

Revenues - Nonexchange Transactions - Nonexchange transactions, in which the JEDZ receives value without directly giving equal value in return, includes income taxes. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. On a modified accrual basis, revenue from income taxes must also be available before it can be recognized. For the JEDZ, available means expected to be received within sixty days of year-end.

Under the modified accrual basis, income tax revenue is considered to be both measurable and available at year end.

Deferred Inflows of Resources and Deferred Outflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The JEDZ had no deferred outflows of resources at December 31, 2016.

In addition to liabilities, the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the JEDZ, deferred inflows of resources include unavailable income tax revenue. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. This amount is deferred and recognized as an inflow of resources in the period the amounts become available.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

E. Budgetary Data

The Ohio Revised Code does not require the JEDZ to budget annually; therefore, budgetary information for the general fund is not presented in the basic financial statements.

F. Cash and Cash Equivalents

All monies received by the JEDZ are deposited in one checking depository account. The JEDZ did not have any investments during 2016.

G. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the JEDZ is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The *nonspendable* fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It includes year-end balances of prepayments.

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 of regulations of other governments; or is imposed by law through constitutional provisions. The JEDZ had no restricted fund balance at December 31, 2016.

Committed - The Board can *commit* amounts via formal action (resolution). The JEDZ 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. The JEDZ had no committed fund balance at December 31, 2016.

Assigned - Assigned fund balances are intended for specific purposes, but do not meet the criteria to be classified as *restricted* or *committed*. In the general fund, *assigned* amounts represent intended uses established by the Board delegated that authority by resolution, or by State Statute. The JEDZ had no assigned fund balance at December 31, 2016.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in other classifications.

The JEDZ 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

H. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The JEDZ had no restricted net position at December 31, 2016.

I. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

J. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in the statement of net position. These items are reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For 2016, the JEDZ has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 77, "Tax Abatement Disclosures", GASB Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans" and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the JEDZ.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the JEDZ.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the JEDZ.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the JEDZ.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the JEDZ.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The JEDZ participates in STAR Ohio which implemented GASB Statement No. 79 for 2016. The JEDZ incorporated the corresponding GASB 79 guidance into its 2016 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 4 - INCOME TAXES

The JEDZ levies a 2.5 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 5 - DEPOSITS

At December 31, 2016, the carrying amount of the JEDZ deposits was \$31,778 and the bank balance was \$31,778. The entire bank balance was covered by the Federal Deposit Insurance Corporation (FDIC). Custodial credit risk is the risk that, in the event of bank failure, the JEDZ deposits may not be returned. The JEDZ does not have a deposit policy for custodial credit risk.

NOTE 6 - 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.

NOTE 7 - RISK MANAGEMENT

The JEDZ is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. The JEDZ purchased Directors, Officers, Trustees and Organization Liability Insurance from the Cincinnati Insurance Company through Scharver Insurance Group, LLC. The liability insurance covers up to \$1,000,000 in the aggregate. Settled claims have not exceeded coverage during 2016. There has been no significant reduction in coverage over the past three years.

NOTE 8 - CONTRACTUAL COMMITMENTS

- A. The JEDZ contracts with 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 amount paid to the Village for these services in 2016 was \$62,069.
- B. Under the JEDZ contract, the Township and Village entered into a Cooperative Economic Development Agreement (CEDA) 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 8 - CONTRACTUAL COMMITMENTS - (Continued)

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 to 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 2016 was \$1,744,218. This amount was unrestricted and recorded to the general fund.



Julian & Grube, Inc.
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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 statements of the governmental activities and major fund of the Prairie-Obetz Joint Economic Development Zone, Franklin County, Ohio, as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Prairie-Obetz Joint Economic Development Zone's basic financial statements and have issued our report thereon dated June 28, 2017.

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 opinions on the financial statements, 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 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.

Board of Directors
Prairie-Obetz Joint Economic Development Zone

Compliance and Other Matters

As part of reasonably assuring whether the Prairie-Obetz Joint Economic Development Zone'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 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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 28, 2017



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 17, 2017**