



Dave Yost • Auditor of State



**COLUMBIA TOWNSHIP JOINT ECONOMIC DEVELOPMENT ZONE  
HAMILTON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Columbia Township Joint Economic Development Zone  
Hamilton County  
5903 Hawthorne Avenue  
Cincinnati, Ohio 45227

To the Board of Directors:

### ***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 Columbia Township Joint Economic Development Zone, Hamilton County, Ohio, (the Zone) as of and for the years ended December 31, 2015 and 2014.

### ***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 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 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.

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

As described in Note 1B of the financial statements, the Zone 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 Zone 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 Columbia Township Joint Economic Development Zone, Hamilton County, as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Columbia Township Joint Economic Development Zone, Hamilton County, as of December 31, 2015 and 2014, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, on our consideration of the 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 Zone's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

December 21, 2016

**COLUMBIA TOWNSHIP JOINT ECONOMIC DEVELOPMENT ZONE  
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General
<b>Cash Receipts</b>	
Income Taxes	\$762,519
Miscellaneous	9,743
	772,262
<i>Total Cash Receipts</i>	<i>772,262</i>
<b>Cash Disbursements</b>	
Current:	
Personal Services	73,594
Supplies and Materials	92,820
Contractual Services	614,371
Other	24,846
	805,631
<i>Total Cash Disbursements</i>	<i>805,631</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(33,369)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(33,369)</i>
<i>Fund Cash Balances, January 1</i>	<i>209,012</i>
<b>Fund Cash Balances, December 31</b>	
Assigned	686
Unassigned (Deficit)	174,957
	175,643
<i>Fund Cash Balances, December 31</i>	<i>\$175,643</i>

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

**COLUMBIA TOWNSHIP JOINT ECONOMIC DEVELOPMENT ZONE  
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General
<b>Cash Receipts</b>	
Income Taxes	\$251,263
Miscellaneous	0
	0
<i>Total Cash Receipts</i>	251,263
<b>Cash Disbursements</b>	
Current:	
Personal Services	34,144
Supplies and Materials	8,107
	8,107
<i>Total Cash Disbursements</i>	42,251
<i>Excess of Receipts Over (Under) Disbursements</i>	209,012
<b>Other Financing Receipts (Disbursements)</b>	
Other Financing Sources	40,000
Other Financing Uses	(40,000)
	0
<i>Total Other Financing Receipts (Disbursements)</i>	0
<i>Net Change in Fund Cash Balances</i>	209,012
<i>Fund Cash Balances, January 1</i>	0
<b>Fund Cash Balances, December 31</b>	
Unassigned (Deficit)	209,012
<i>Fund Cash Balances, December 31</i>	\$209,012

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

**COLUMBIA TOWNSHIP JOINT ECONOMIC DEVELOPMENT ZONE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Columbia Township Joint Economic Development Zone, Hamilton County, Ohio (the Zone) contract was entered into on August 5, 2013 by and among Columbia Township, Hamilton County, Ohio and the Village of Fairfax, Hamilton County, Ohio. The contract was authorized in accordance of the Ohio Revised Code Section 715.691, by ordinance 35-2013 passed by the Council of the Village on August 5, 2013, and Resolution 13-10 adopted by the Board of Trustees of the Township. The Village of Fairfax is responsible for fiscal control of the resources of the Zone.

The Zone operates under an appointed six member Board of Directors established in accordance with Ohio Revised Code Section 715.691(G)(1). The purpose of the Zone is to facilitate new or expanded commercial and economic development, create and preserve jobs, and improve the economic welfare of the Township, Village and Zone. Pursuant to Ohio Revised Code 715.691, the Board adopted a resolution to levy an income tax in the Zone at a rate of 1.0%.

The Zone's management believes these financial statements present all activities for which the Zone is financially accountable.

**B. Basis of Accounting**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

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

**C. Fund Accounting**

The Zone 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. Funds can be used to segregate resources that are restricted as to use, but all activities of the Zone are reported in the Cash Journal (General Fund).

**D. Cash**

The Zone's cash is held in three non-interest bearing checking accounts; Operating, Reserve, and Escrow.

**E. Property, Plant and Equipment**

The Zone records cash disbursements for acquisitions of property, plant and equipment when paid. These items are not reflected as assets in the accompanying financial statements.

**COLUMBIA TOWNSHIP JOINT ECONOMIC DEVELOPMENT ZONE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Zone must observe constraints imposed upon the use of its governmental-fund resources. 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 required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

**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 or enabling legislation.

**Committed** – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Zone’s Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – Amounts in the assigned fund balance classification are intended to be used by the Zone for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed.

**Unassigned** – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from the overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Zone 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.

**COLUMBIA TOWNSHIP JOINT ECONOMIC DEVELOPMENT ZONE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Continued)**

**2. BUDGETARY PROCESS**

The Contract between the Township, Village and Zone prescribes a budgetary process for the Zone. The fiscal year for the Zone shall be the same as the fiscal year of the Township. The budget shall estimate the revenues and expenses of the Zone. The Board shall provide a copy of the annual budget to the Contracting Parties promptly after its adoption. The Board shall establish appropriation procedures to provide for payment of the expenses of the Zone and the distribution of income tax revenues consistent with the Contract.

**3. CASH DEPOSITS**

The Zone maintains three non-interest bearing checking accounts. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 were as follows:

	2015	2014
Demand deposits	\$175,643	\$209,012
Total deposits	175,643	209,012
U.S. Treasury Notes		

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**4. INCOME TAXES**

The Zone levies a one 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. Employers within the JEDZ are required to withhold income tax on employee earnings and remit the tax to the Zone monthly or quarterly depending on the amount of taxes involved. 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 or file a final return annually.

The Board annually sets aside one percent of the Zone's annual gross income tax revenues, up to a maximum of \$7,500 annually, as a reserve for future maintenance, administration, and expenses of the Zone. The Board annually places two percent of the gross income tax revenue into an escrow fund used to pay refunds, and, in general, to balance accounts or pay expenses. The Zone pays the Village an annual service fee equal to two percent of gross income tax revenues, or an amount equal to the actual and reasonable costs of the Village's administration, collection, enforcement, and disbursement, whichever amount is greater. The remaining income tax revenues are distributed 10 percent to the Village, and 90 percent to the Township. The distributions are made not less than quarterly, and the allocations to the Village and Township are recorded in their General Fund.

**5. RISK MANAGEMENT**

**Commercial Insurance**

The Zone has obtained commercial insurance from the Ohio Plan Risk Management through Hylant Administrative Services Company for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.

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# Dave Yost • Auditor of State

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

Columbia Township Joint Economic Development Zone  
Hamilton County  
5903 Hawthorne Avenue  
Cincinnati, Ohio 45227

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 cash balances, receipts, and disbursements by fund type of the Columbia Township Joint Economic Development Zone, Hamilton County, Ohio, (the Zone) as of and for the years ended December 31, 2015 and 2014 and the related notes to the financial statements and have issued our report thereon dated December 21, 2016, wherein we noted the 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 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 statements, but not to the extent necessary to opine on the effectiveness of the 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 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. 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 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 Zone's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Zone's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 21, 2016



# Dave Yost • Auditor of State

**COLUMBIA TOWNSHIP JOINT ECONOMIC DEVELOPMENT ZONE**

**HAMILTON 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  
JANUARY 24, 2017**