

PRAIRIE-OBETZ JOINT ECONOMIC DEVELOPMENT ZONE
FRANKLIN COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2020



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OHIO AUDITOR OF STATE
KEITH FABER



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(800) 282-0370

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 Prairie-Obetz Joint Economic Development Zone, Franklin County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Prairie-Obetz Joint Economic Development Zone is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 27, 2021

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Prairie-Obetz Joint Economic Development Zone
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For the Year Ended December 31, 2020

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Prairie-Obetz Joint Economic Development Zone, Franklin County, (the JEDZ), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the JEDZ's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the

Prairie-Obetz Joint Economic Development Zone
Independent Auditor's Report

respective financial position of the governmental activities and the major fund of the Prairie-Obetz Joint Economic Development Zone, Franklin County, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 9 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the JEDZ. We did not modify our opinion regarding this matter.

As discussed in note 10 to the financial statements, the JEDZ restated its beginning net position and fund balance to correct an error identified for the prior year. We did not modify our opinion regarding this matter.

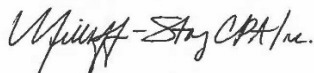
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2021 on our consideration of the JEDZ's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the JEDZ's 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 JEDZ's internal control over financial reporting and compliance.



Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio
July 19, 2021

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, 2020. 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 2020 are as follows:

- The total net position of the JEDZ was \$642,138 at December 31, 2020.
- Total governmental activities revenues were \$4,862,443, all of which were general revenues, and total expenses were \$4,674,387.
- The general fund had revenues of \$4,854,764 and expenditures of \$4,674,387 in 2020. The general fund's fund balance increased \$180,377 from \$326,974 to \$507,351.

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 2020?" 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, 2020**

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 - 19 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, 2020 and 2019:

	Net Position	
	Governmental Activities 2020	Restated Governmental Activities 2019
<u>Assets</u>		
Current and other assets	\$ 1,954,074	\$ 1,805,890
<u>Liabilities</u>		
Current and other liabilities	1,311,936	1,351,808
<u>Net position</u>		
Unrestricted	\$ 642,138	\$ 454,082

Over time, net position can serve as a useful indicator of a government's financial position. At year-end, net position was \$642,138 for the governmental activities, all of which is unrestricted. This is the amount by which assets (cash, prepayments and income taxes receivable) exceeded liabilities (accounts payable and due to other governments) at December 31, 2020. During 2020, assets increased as a result of an increase in cash as a result of current year operations, while liabilities decreased due to a decrease in due to other governments for payments 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, 2020**

The following table provides a summary of the JEDZ's change in net position for its governmental activities for 2020 and 2019.

Change in Net Position

	Governmental Activities 2020	Restated Governmental Activities 2019
	<u>2020</u>	<u>2019</u>
Revenues		
General revenues:		
Income taxes	\$ 4,862,264	\$ 4,843,144
Investment earnings	<u>179</u>	<u>5,603</u>
Total general revenues	<u>4,862,443</u>	<u>4,848,747</u>
Expenses:		
Economic development:		
Income tax disbursements, Prairie Township	1,773,298	1,717,787
Income tax disbursements, Village of Obetz	2,799,942	2,712,295
Economic development strategic plan, Prairie Township CIC	-	80,000
Income tax collection fee	47,486	89,375
Administrative fee	23,689	23,165
Bank charges	1,618	987
Other	<u>28,354</u>	<u>16,322</u>
Total expenses	<u>4,674,387</u>	<u>4,639,931</u>
Change in net position	188,056	208,816
Net position at beginning of year	<u>454,082</u>	<u>245,266</u>
Net position at end of year	<u>\$ 642,138</u>	<u>\$ 454,082</u>

Governmental Activities

Revenues of \$4,862,443 were greater than expenses of \$4,674,387 resulting in an increase in net position of \$188,056 during 2020. Revenues increased \$13,696 in 2020 due to an increase in income tax revenue received by the JEDZ. Expenses increased \$34,456 as a result of increased income tax disbursements made to Prairie Township and the Village of Obetz.

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.

The JEDZ's governmental fund (as presented on the balance sheet on page 9) reported a fund balance of \$507,351 which is \$180,377 greater than last year's fund balance of \$326,974. Unassigned fund balance at December 31, 2020 was \$506,381.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

General Fund

The JEDZ's General Fund balance increased \$180,377. The table that follows assists in illustrating the revenues and expenditures of the General Fund for 2020 and 2019.

	2020	Restated 2019
	<u>Amount</u>	<u>Amount</u>
<u>Revenues</u>		
Income taxes	\$ 4,854,585	\$ 4,854,419
Earnings on investments	<u>179</u>	<u>5,603</u>
Total revenues	<u>\$ 4,854,764</u>	<u>\$ 4,860,022</u>
<u>Expenditures</u>		
Income tax disbursements, Prairie Township	\$ 1,773,298	\$ 1,717,787
Income tax disbursements, Village of Obetz	2,799,942	2,712,295
Economic development strategic plan, Prairie Township CIC	-	80,000
Income tax collection fee	47,486	89,375
Administrative fee	23,689	23,165
Bank charges	1,618	987
Other	<u>28,354</u>	<u>16,322</u>
Total expenditures	<u>\$ 4,674,387</u>	<u>\$ 4,639,931</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 M. 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, 2020

		Governmental Activities
Assets:		
Cash	\$	137,614
Receivables:		
Income taxes		1,815,490
Prepayments		970
		1,954,074
Total assets		1,954,074
Liabilities:		
Accounts payable		12,381
Due to other governments		1,299,555
		1,311,936
Total liabilities		1,311,936
Net position:		
Unrestricted		642,138
		642,138
Total net position	\$	642,138

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, 2020

		Governmental Activities
Expenses:		
Economic development:		
Income tax disbursements, Prairie Township	\$	1,773,298
Income tax disbursements, Village of Obetz.		2,799,942
Income tax collection fee		47,486
Administrative fee		23,689
Bank charges.		1,618
Other.		28,354
		4,674,387
 Total program expenses.		 4,674,387
 Revenues:		
General revenues:		
Income taxes.		4,862,264
Earnings on investments.		179
		4,862,443
 Total general revenues.		 4,862,443
 Change in net position.		 188,056
 Net position at beginning of year - restated.		 454,082
 Net position at end of year.	\$	 642,138

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2020

	General
Assets:	
Cash	\$ 137,614
Receivables:	
Income taxes.	1,815,490
Prepayments	970
Total assets	1,954,074
Liabilities:	
Accounts payable.	12,381
Due to other governments.	1,299,555
Total liabilities	1,311,936
Deferred inflows of resources:	
Income tax revenue not available	134,787
Total liabilities and deferred inflows of resources.	1,446,723
Fund balance:	
Nonspendable	970
Unassigned	506,381
Total fund balance.	\$ 507,351

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, 2020

Total governmental fund balance	\$	507,351
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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 the
governmental fund.

134,787
<hr/>

Net position of governmental activities

\$	<u>642,138</u>
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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, 2020

	General
Revenues:	
Income taxes	\$ 4,854,585
Earnings on investments	179
Total revenues	4,854,764
Expenditures:	
Economic development:	
Income tax disbursements, Prairie Township	1,773,298
Income tax disbursements, Village of Obetz.	2,799,942
Income tax collection fee	47,486
Administrative fee	23,689
Bank charges.	1,618
Other.	28,354
Total expenditures.	4,674,387
Net change in fund balance	180,377
Fund balance at beginning of year - restated.	326,974
Fund balance at end of year	\$ 507,351

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 THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Net change in fund balance - governmental fund	\$	180,377
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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 the
governmental fund.

7,679

Change in net position of governmental activities

\$ 188,056

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, 2020

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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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 2020.

Fund Financial Statements - 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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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, 2020.

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 fund balance 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.

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

All monies received by the JEDZ are deposited in one checking depository account. The JEDZ did not have any investments during 2020.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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. The year-end balances of prepayments are reported as nonspendable fund balance.

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. The JEDZ had no restricted fund balance at December 31, 2020.

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, 2020.

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, 2020.

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.

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, 2020.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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 and governmental funds balance sheet. These items are reported as assets on the statement of net position and governmental funds balance sheet 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.

K. Accrued Liabilities

All payables and accrued liabilities are reported on the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

For 2020, the JEDZ has implemented GASB Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance.” GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended December 31, 2020. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed. The following pronouncement is postponed by one year and the JEDZ has elected delaying implementation until the fiscal year ended December 31, 2021:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

The following pronouncements are postponed by eighteen months and the JEDZ has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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.

NOTE 5 - DEPOSITS

At December 31, 2020, the carrying amount of the JEDZ deposits was \$137,614 and the bank balance was \$149,587. 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 in the past three years. There has been no significant reduction in coverage during 2020.

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 2020 was \$71,175.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8 - CONTRACTUAL COMMITMENTS - (Continued)

- 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.

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 to 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 2020 was \$1,866,601. This amount was unrestricted and recorded to the general fund on the Village’s financial statements.

NOTE 9 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the JEDZ. The impact on the JEDZ’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 10 – RESTATEMENT OF BEGINNING BALANCES

Errors were identified in previously reported net position and fund balance due to errors in computations of income taxes receivable. The JEDZ restated beginning balances to correct these errors.

	Governmental Activities	General Fund
Net Position/Fund Balance, As Reported, December 31, 2019	\$238,875	\$90,414
Restatement	215,207	236,560
Net Position/Fund Balance, As Corrected, January 1, 2020	\$454,082	\$326,974

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Prairie-Obetz Joint Economic Development Zone, Franklin County, (the JEDZ) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the JEDZ's basic financial statements, and have issued our report thereon dated July 19, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the JEDZ. We also noted the JEDZ restated beginning net position and fund balance to correct errors.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001, that we consider to be a material weakness.

Compliance and Other Matters

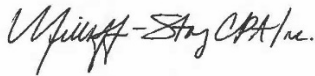
As part of obtaining reasonable assurance about whether the JEDZ's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

JEDZ's Response to Findings

The JEDZ's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The JEDZ's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio
July 19, 2021

Prairie-Obetz Joint Economic Development Zone

Schedule of Findings and Responses

For the Year Ended December 31, 2020

Finding 2020-001 – Material Weakness – Financial Reporting

A monitoring system by the JEDZ should be in place to prevent or detect misstatements to help ensure the accurate presentation of the JEDZ's financial statements.

During the course of testing, we discovered that the JEDZ's income tax receivable was not accurately computed for the current and prior year ends. An adjustment was made to the beginning net position and fund balance as well as current year balances and revenues to correct these errors.

The JEDZ should communicate these issues with its consultant and implement additional monitoring procedures to ensure that financial statements are accurate and complete.

Client Response:

The issue is identified and the corrective measure is in place that identifies the applicable reporting period for the monthly reports from CCA and the State.

OHIO AUDITOR OF STATE KEITH FABER



PRAIRIE-OBETZ JOINT ECONOMIC DEVELOPMENT ZONE

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 9/9/2021

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