



OHIO AUDITOR OF STATE
KEITH FABER



**SPRINGFIELD TOWNSHIP JOINT ECONOMIC DEVELOPMENT ZONE I
HAMILTON COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Springfield Township Joint Economic Development Zone I
Hamilton County
7700 Perry Street
Mount Healthy, Ohio 45231

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 Springfield Township Joint Economic Development Zone I, Hamilton County, Ohio (the JEDZ) as of and for the years ended December 31, 2018 and 2017.

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 JEDZ'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 JEDZ's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the JEDZ 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 JEDZ 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 JEDZ as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Springfield Township Joint Economic Development Zone I, Hamilton County as of December 31, 2018 and 2017, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2019, on our consideration of the JEDZ'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 JEDZ's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

July 9, 2019

SPRINGFIELD TOWNSHIP
JOINT ECONOMIC DEVELOPMENT ZONE I
HAMILTON COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN
FUND BALANCE (CASH BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2018

Cash Receipts	
Income Taxes (Net of RITA Collection Fees)	\$ 3,199,477
Interest	<u>161</u>
Total Cash Receipts	3,199,638
Cash Disbursements	
Income Tax Disbursements, Springfield Township	2,800,453
Income Tax Disbursements, City of Mt. Healthy	<u>399,024</u>
Total Cash Disbursements	<u>3,199,477</u>
Net Change in Fund Cash Balance	161
Fund Cash Balance, January 1	<u>58,422</u>
Fund Cash Balance, December 31 Unassigned	<u><u>\$ 58,583</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

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Springfield Township Joint Economic Development Zone
Hamilton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2018

NOTE 1 – DESCRIPTION OF THE ENTITY

The Springfield Township Joint Economic Development Zone I (the “JEDZ”) is a political and corporate body for the purpose of enjoying and exercising the rights and privileges conferred upon it under a contract, entered into as of July 1, 2014, between Springfield Township (the “Township”) and the City of Mt. Healthy (the “City”). The Board of Directors (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 JEDZ operates under the Board established by the City and Township with each appointing three members of the Board to serve terms of two years. The City and Township, in their sole discretion, may reappoint members of the Board for additional terms on the Board. The Township shall appoint the Chairperson of the Board and all members of the Board serve without compensation.

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 term of the contract for the existence of the JEDZ terminates on December 31, 2054, and automatically renews unless the Township or the City provides written notice to the other that it has elected to not renew the contract. Notice is to be not more than 1,095 days and not less than 730 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 and the City and the Township shall be the successors in interest to any uncollected funds and unliquidated assets of the JEDZ, including the interest of the JEDZ in any legal proceedings, in the proportions set forth above.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Basis

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

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

B. Fund Accounting

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

C. Cash

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

D. Fund Balance Classifications

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

Springfield Township Joint Economic Development Zone
Hamilton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2018

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

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

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

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

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

The JEDZ will apply restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balances, committed amounts are reduced first, followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 3 – INCOME TAXES

The JEDZ levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment or business activities within the District.

Employers within the JEDZ withhold income tax on employee compensation and remit the tax to the JEDZ via the Regional Income Tax Agency via the City of Mount Healthy. It is then distributed as follows:

- a. Until such time as the Annual Gross Tax Revenue exceeds \$1.5 million: 85 percent distributed to Springfield Township and the remaining 15 percent to the City of Mount Healthy.
- b. Once Annual Gross Tax Revenue exceeds \$1.5 million: 90 percent distributed to Springfield Township and the remaining 10 percent to the City of Mount Healthy

NOTE 4 – CASH DEPOSITS AND INVESTMENTS

The JEDZ maintains an interest bearing checking account. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash as of December 31, 2018 was \$58,583. Deposits are insured by the Federal Deposit Insurance Corporation.

Springfield Township Joint Economic Development Zone
Hamilton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2018

NOTE 5 – CONTRIBUTIONS

As part of the contract forming the JEDZ, the Township and City 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 City pursuant to the JEDZ income tax agreement furnishes services set forth in the income tax agreement and engages in activities to promote, compliment and benefit economic development in the JEDZ. The Township and the City may provide additional services as allowed by law as the Township and/or City and the Board deem appropriate and agree. The fair value of the services provided are not determined and recorded in the financial statements.

NOTE 6 – CONTRACTUAL COMMITMENTS

The JEDZ contracts with the Regional Income Tax Authority (RITA) for the collection of the income tax. The Board compensates the RITA for all expenses, including legal fees, incurred in connection with the collection and administration of the income tax. More specifically, RITA receives a fee (typically calculated in June of the subsequent year) based on transaction volume and gross collections for collecting the income tax for the JEDZ. The fees paid to RITA for fiscal year 2017 totaled \$38,066.

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SPRINGFIELD TOWNSHIP JOINT ECONOMIC
DEVELOPMENT ZONE I HAMILTON COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGE IN FUND CASH BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2017

Cash Receipts	
Income Taxes (Net of RITA Collection Fees)	\$ 3,365,856
Interest	128
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Total Cash Receipts	3,365,984
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Cash Disbursements	
Income Tax Disbursements, Springfield Township	3,118,448
Income Tax Disbursements, City of Mt. Healthy	396,146
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Total Cash Disbursements	3,514,594
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Net Change in Fund Cash Balance	(148,610)
Fund Cash Balance, January 1	207,032
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Fund Cash Balance, December 31 Unassigned	\$ 58,422
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

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Springfield Township Joint Economic
Development Zone I Hamilton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 1 – DESCRIPTION OF THE ENTITY

The Springfield Township Joint Economic Development Zone I (the “JEDZ”) is a political and corporate body for the purpose of enjoying and exercising the rights and privileges conferred upon it under a contract, entered into as of July 1, 2014, between Springfield Township (the “Township”) and the City of Mt. Healthy (the “City”). The Board of Directors (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 JEDZ operates under the Board established by the City and Township with each appointing three members of the Board to serve terms of two years. The City and Township, in their sole discretion, may reappoint members of the Board for additional terms on the Board. The Township shall appoint the Chairperson of the Board and all members of the Board serve without compensation.

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 term of the contract for the existence of the JEDZ terminates on December 31, 2054, and automatically renews unless the Township or the City provides written notice to the other that it has elected to not renew the contract. Notice is to be not more than 1,095 days and not less than 730 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 and the City and the Township shall be the successors in interest to any uncollected funds and unliquidated assets of the JEDZ, including the interest of the JEDZ in any legal proceedings, in the proportions set forth above.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Basis

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

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

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

D. Fund Balance Classifications

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

Springfield Township Joint Economic
Development Zone I Hamilton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

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

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

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

The JEDZ will apply restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balances, committed amounts are reduced first, followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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- a. Until such time as the Annual Gross Tax Revenue exceeds \$1.5 million: 85 percent distributed to Springfield Township and the remaining 15 percent to the City of Mount Healthy.
- b. Once Annual Gross Tax Revenue exceeds \$1.5 million: 90 percent distributed to Springfield Township and the remaining 10 percent to the City of Mount Healthy

NOTE 4 – CASH DEPOSITS AND INVESTMENTS

The JEDZ maintains an interest bearing checking account. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash as of December 31, 2017 was \$58,422. Deposits are insured by the Federal Deposit Insurance Corporation.

NOTE 5 – CONTRIBUTIONS

As part of the contract forming the JEDZ, the Township and City 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 City pursuant to the JEDZ income tax agreement furnishes services set forth in the income tax agreement and engages in activities to promote, compliment and benefit economic development in the JEDZ. The Township and the City may provide additional services as allowed by law as the Township and/or City and the Board deem appropriate and agree. The fair value of the services provided are not determined and recorded in the financial statements.

Springfield Township Joint Economic
Development Zone I Hamilton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 6 – CONTRACTUAL COMMITMENTS

The JEDZ and the Springfield Township Joint Economic Development Zone 1 (the JEDZ) jointly contract with the Regional Income Tax Authority (RITA) for the collection of the income tax. The Board compensates the RITA for all expenses, including legal fees, incurred in connection with the collection and administration of the income tax. More specifically, RITA receives a fee (typically calculated in June of the subsequent year) based on transaction volume and gross collections for collecting the income tax for the JEDZ. The fees paid to RITA for fiscal year 2016 totaled \$32,157.

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OHIO AUDITOR OF STATE KEITH FABER



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Blue Ash, Ohio 45242-1817
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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

Springfield Township Joint Economic Development Zone I
Hamilton County
7700 Perry Street
Mt. Healthy, Ohio 45231

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 Springfield Township Joint Economic Development Zone I, Hamilton County, (the JEDZ) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated July 9, 2019 wherein we noted the JEDZ 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 JEDZ'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 JEDZ'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 JEDZ's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the JEDZ'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 JEDZ's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the JEDZ's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

July 9, 2019

OHIO AUDITOR OF STATE KEITH FABER



SPRINGFIELD TOWNSHIP- JOINT ECONOMIC DEVELOPMENT ZONE I

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
JULY 30, 2019**