



OHIO AUDITOR OF STATE
KEITH FABER



OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
WestRegion@ohioauditor.gov

Xenia Township – City of Xenia Joint Economic Development District
Greene County
107 E. Main Street
Xenia, Ohio 45385

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Xenia Township – City of Xenia Joint Economic Development District, Greene County, (the JEDD) for the years ended December 31, 2018 and 2017.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the JEDD's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the JEDD's financial statements, transactions or balances for the years ended December 31, 2018 and 2017.

The JEDD's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

Current Year Observations

1. **Ohio Rev. Code § 117.38** requires the JEDD to file a financial report for each fiscal year within sixty days of the close of the fiscal year. The JEDD filed a full set of its annual financial statements for the years ended December 31, 2018 and 2017 on May 23, 2019. The filing deadline for the JEDD was March 1, 2019 and March 1, 2018 for the years ended December 31, 2018 and 2017 respectively. Policies and procedures should be established and implemented to verify that financial statements are promptly completed after the fiscal year-end and filed with the Auditor of State within sixty days.
2. **Section 10 of Xenia Township – City of Xenia JEDD -1 Joint Economic Development Contract** authorizes the JEDD to levy an income tax within the District. The contract also requires the JEDD to distribute revenues to Xenia Township and City of Xenia while retaining 3% of the revenues for the JEDD. The City of Xenia was responsible for collection of income taxes on behalf of the JEDD. During 2018 and 2017, the City of Xenia only remitted the JEDD's share of income taxes to the JEDD and directly paid the Township for its share. This resulted in the JEDD understating income tax revenues and expenditures on its 2018 and 2017 financial statements by \$34,453 and \$36,217 respectively. To present a complete picture of its financial activity, the JEDD should report total income taxes collected within the District and remittance of the taxes collected to various subdivisions in accordance with the Joint Economic Development Contract.
3. Government Accounting Standards Board (GASB) allows enterprise funds to be used to report any activity for which a fee is charged to external users for goods or services. Activities are *required* to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity's *principal revenue sources*.

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges *and* the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable “solely” from the revenues of the activity.)
- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The JEDD presented proprietary fund statements for the fiscal years ended December 31, 2018 and 2017. However, the only revenue source for the JEDD during the fiscal years was income taxes and in accordance with GASB requirements, the JEDD should have reported governmental fund financial statements.



Keith Faber
Auditor of State
Columbus, Ohio

July 11, 2019

OHIO AUDITOR OF STATE KEITH FABER



XENIA TOWNSHIP-CITY OF XENIA JEDD 1

GREENE 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 23, 2019**