

**Sycamore Township Joint Economic
Development Zone – Kenwood Central**
Hamilton County, Ohio

Financial Statements

December 31, 2020

UNAUDITED

**Sycamore Township Joint Economic Development Zone - Kenwood Central
Hamilton County, Ohio**

Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash and Balances
For the Year Ended December 31, 2020

Cash Receipts:	
Income Taxes	\$ 2,817,735
Interest	16
Total Cash Receipts	<u>2,817,751</u>
Cash Disbursements:	
Income Tax Disbursements, Sycamore Township	2,425,422
Income Tax Disbursements, City of Madeira	269,492
Income Tax Collection Fee	56,245
Professional Fees	4,072
Bank Charges	753
Total Cash Disbursements	<u>2,755,984</u>
Net Change in Fund Cash Balances	<u>61,767</u>
Fund Cash Balances, January 1	437,873
Fund Cash Balances, December 31	<u>\$ 499,640</u>

See accompanying notes to the financial statements.

NOTE 1 – DESCRIPTION OF THE ENTITY

The Sycamore Township Joint Economic Development Zone – Kenwood Central (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 Sycamore Township (the “Township”) and the City of Madeira (the “City”). 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 City 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 City or the Township. The City 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, 2053, and automatically renews unless the Township or the City provides written notice to the other that it has elected to not renew the contract (see Note 6). Notice is to be not more than 3 years and not less than 2 years 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: 10% to the City and 90% to the Township, and (iii) 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.

These statements include 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 and 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash

JEDZ cash is held in checking depository accounts. There were no investments during the year. The accounts were either fully insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

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 as follows:

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 of Directors can modify or rescind such resolutions at any time through additional formal action.

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 of Directors.

Unassigned – When resources have not been assigned to other Board of Director 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 three quarters of 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 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.

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Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 3 – INCOME TAXES (Continued)

The net income tax revenues are distributed 90 percent to the Township, and 10 percent to the City. The distributions are made quarterly. The allocation to the Township is restricted to purposes of the JEDZ. The allocation to the City is unrestricted. The JEDZ Board retains two percent for operations of the JEDZ.

NOTE 4 – CASH

The carrying amount of cash in demand deposit accounts as of December 31, 2020 was \$499,640.

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 activities to promote, complement 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 are not recorded in the financial statements.

NOTE 6 – CONTRACTUAL COMMITMENTS

The JEDZ contracts with the City of Madeira (the “City”) for the collection of the income tax. The Board compensates the City for all expenses, including legal fees, incurred by the City in connection with the collection and administration of the income tax.

More specifically, the City receives a fee of two percent of income tax collections for collecting the income tax for the JEDZ. These fees paid to the City totaled \$56,245 for 2020.

Additionally, the City may be reimbursed for costs associated with the long-term maintenance and administration of the JEDZ.

NOTE 7 – CHANGE IN ACCOUNTING PRINCIPLE

For 2020, the JEDZ has made changes to its cash basis reporting model. These changes include removing the fund balance classification from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis).

NOTE 8 – 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 and revenues cannot be estimated.