



OHIO AUDITOR OF STATE
KEITH FABER



**UNION TOWNSHIP – CITY OF MILFORD
JOINT ECONOMIC DEVELOPMENT DISTRICT II
(JUNGLE JIM’S/ EASTGATE/ CAREPOINTE CLERMONT)
CLERMONT COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Union Township – City of Milford
Joint Economic Development District II (Jungle Jim's/ Eastgate/ Carepointe Clermont)
Clermont County
745 Center Street, Suite 200
Milford, Ohio 45150

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 Union Township – City of Milford Joint Economic Development District II – Jungle Jim's/ Eastgate/ Carepointe Clermont, Clermont County, Ohio (the District) 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 District'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 District'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 1 of the financial statements, the District 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 District 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 District as of December 31, 2018 and 2017, and the respective 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, receipts and disbursements by fund type, and related notes of the Union Township – City of Milford Joint Economic Development District II – Jungle Jim's/ Eastgate/ Carepointe Clermont, Clermont County as of December 31, 2018 and 2017, 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2019, on our consideration of the District'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 District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

July 16, 2019

**UNION TOWNSHIP-CITY OF MILFORD
JOINT ECONOMIC DEVELOPMENT DISTRICT II
CLERMONT COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCES (CASH BASIS)
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General Fund
<u>Cash Receipts:</u>	
Income Taxes	\$ 131,866
Interest	48
Miscellaneous Revenue	1,732
Total Cash Receipts	133,646
 <u>Cash Disbursements:</u>	
Operating Expenses	4
Administrative Expenses	3,957
Union Township Disbursement	108,540
City of Milford Disbursement	19,152
Total Cash Disbursements	131,653
 Net Change in Fund Cash Balances	 1,993
 Fund Cash Balance, January 1	 11,259
 Fund Cash Balance, December 31	
Committed Fund Cash Balance, December 31	6,989
Assigned Fund Cash Balance, December 31	6,263
	6,263
 Fund Cash Balance, December 31	 \$ 13,252

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

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**UNION TOWNSHIP-CITY OF MILFORD
JOINT ECONOMIC DEVELOPMENT DISTRICT II
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Union Township-City of Milford Joint Economic Development District II, Clermont County, Ohio (the District) contract was entered into as of January 17, 2012 under the authority of Ohio Revised Code Sections 715.72 through 715.81. The District is comprised of Union Township and the City of Milford. The District operates under an appointed five-member Board of Trustees established in accordance with Ohio Revised Code Section 715.78(A). The District was formed to promote the industrial, economic development in Union Township, the City of Milford, Clermont County, and the State of Ohio. Pursuant to Ohio Revised Code Section 715.75, the Board adopted a resolution to levy an income tax in the District at a rate of 1 percent, effective February 1, 2012.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code 117.38 and Ohio Administrative Code Section 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Cash and Cash Equivalents

The District's cash and cash equivalents consist of an interest bearing checking account.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District has the following fund:

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**UNION TOWNSHIP-CITY OF MILFORD
JOINT ECONOMIC DEVELOPMENT DISTRICT II
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Non-spendable

The District classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. 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.

3. Committed

The Board can *commit* amounts via formal action (resolution). The District 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. *Assigned* amounts represent intended uses established by the District's Board or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications.

The District 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.

**UNION TOWNSHIP-CITY OF MILFORD
JOINT ECONOMIC DEVELOPMENT DISTRICT II
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)**

NOTE 2: CASH DEPOSITS AND INVESTMENTS

The District maintains an interest bearing checking account. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of the deposits at December 31, 2018 was \$13,252. Deposits are insured by the Federal Deposit Insurance Corporation.

NOTE 3: LOCAL INCOME TAX

The District levies a municipal income tax of 1 percent on substantially all earned income arising from employment of business activities within the District.

Employers within the District withhold income tax on employee compensation and remit the tax to the District via the Regional Income Tax Agency via the City of Milford. It is then distributed as follows: The District pays \$1,000 annually to Union Township for the maintenance reserve with the remainder of taxes is distributed, with 85 percent distributed to Union Township and the remaining 15 percent to the City of Milford.

NOTE 4: RISK MANAGEMENT

Commercial Insurance

The District has obtained Directors and Officers Liability insurance through an insurance policy with West Chester Fire Insurance Company. The limits for general coverage is \$1,000,000 per occurrence and \$2,000,000 in aggregate.

NOTE 5: MAINTENANCE RESERVE

The District requires an annual maintenance reserve to be paid to Union Township for the benefit of the District. The funds are held in a separate bank account in the District's name. At December 31, 2018, the maintenance reserve balance was \$6,989. This amount is reflected as committed fund balance on the Statement of Receipts, Disbursements and Change in Fund Balance (Cash Basis).

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**UNION TOWNSHIP-CITY OF MILFORD
JOINT ECONOMIC DEVELOPMENT DISTRICT II
CLERMONT COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCES (CASH BASIS)
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General Fund
<u>Cash Receipts:</u>	
Income Taxes	\$ 118,914
Release of Prior Year Refund Retainer	2,202
Interest and Miscellaneous Revenue	27
Total Cash Receipts	121,143
 <u>Cash Disbursements:</u>	
Administrative Expenses	3,569
Union Township Disbursement	128,748
City of Milford Disbursement	18,506
Total Cash Disbursements	150,823
 Net Change in Fund Cash Balances	 (29,680)
 Fund Cash Balance, January 1	 <u>40,938</u>
 Fund Cash Balance, December 31	
Committed Fund Cash Balance, December 31	5,980
Assigned Fund Cash Balance, December 31	5,278
 Fund Cash Balance, December 31	 <u>\$ 11,258</u>

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

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**UNION TOWNSHIP-CITY OF MILFORD
JOINT ECONOMIC DEVELOPMENT DISTRICT II
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Union Township-City of Milford Joint Economic Development District II, Clermont County, Ohio (the District) contract was entered into as of January 17, 2012 under the authority of Ohio Revised Code Sections 715.72 through 715.81. The District is comprised of Union Township and the City of Milford. The District operates under an appointed five-member Board of Trustees established in accordance with Ohio Revised Code Section 715.78(A). The District was formed to promote the industrial, economic development in Union Township, the City of Milford, Clermont County, and the State of Ohio. Pursuant to Ohio Revised Code Section 715.75, the Board adopted a resolution to levy an income tax in the District at a rate of 1 percent, effective February 1, 2012.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code 117.38 and Ohio Administrative Code Section 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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The District's cash and cash equivalents consist of an interest bearing checking account.

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**UNION TOWNSHIP-CITY OF MILFORD
JOINT ECONOMIC DEVELOPMENT DISTRICT II
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Non-spendable

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2. Restricted

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3. Committed

The Board can *commit* amounts via formal action (resolution). The District 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. *Assigned* amounts represent intended uses established by the District's Board or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications.

The District 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.

**UNION TOWNSHIP-CITY OF MILFORD
JOINT ECONOMIC DEVELOPMENT DISTRICT II
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)**

NOTE 2: CASH DEPOSITS AND INVESTMENTS

The District maintains an interest bearing checking account. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of the deposits at December 31, 2017 was \$11,258. Deposits are insured by the Federal Deposit Insurance Corporation.

NOTE 3: LOCAL INCOME TAX

The District levies a municipal income tax of 1 percent on substantially all earned income arising from employment of business activities within the District.

Employers within the District withhold income tax on employee compensation and remit the tax to the District via the Regional Income Tax Agency via the City of Milford. It is then distributed as follows: The District pays \$1,000 annually to Union Township for the maintenance reserve with the remainder of taxes is distributed, with 85 percent distributed to Union Township and the remaining 15 percent to the City of Milford.

NOTE 4: RISK MANAGEMENT

Commercial Insurance

The District has obtained Directors and Officers Liability insurance through an insurance policy with West Chester Fire Insurance Company. The limits for general coverage is \$1,000,000 per occurrence and \$2,000,000 in aggregate.

NOTE 5: MAINTENANCE RESERVE

The District requires an annual maintenance reserve to be paid to Union Township for the benefit of the District. The funds are held in a separate bank account in the District's name. At December 31, 2017, the maintenance reserve balance was \$5,980. This amount is reflected as committed fund balance on the Statement of Receipts, Disbursements and Change in Fund Balance (Cash Basis).

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OHIO AUDITOR OF STATE KEITH FABER



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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

Union Township – City of Milford
Joint Economic Development District II (Jungle Jim's/ Eastgate/ Carepointe Clermont)
Clermont County
745 Center Street, Suite 200
Milford, Ohio 45150

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 Union Township – City of Milford Joint Economic Development District II – Jungle Jim's/ Eastgate/ Carepointe Clermont, Clermont County, (the District) 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 16, 2019. wherein we noted the District 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 District'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 District'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 District'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 District'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 District’s internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

July 16, 2019

OHIO AUDITOR OF STATE
KEITH FABER



UNION TOWNSHIP- CITY OF MILFORD JEDD II- JUNGLE JIMS EASTGATE

CLERMONT 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**