



Dave Yost • Auditor of State



**MONTGOMERY COUNTY ARTS AND CULTURAL DISTRICT  
MONTGOMERY COUNTY**

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# Dave Yost • Auditor of State

Montgomery County Arts and Cultural District  
Montgomery County  
451 W. Third Street  
10<sup>th</sup> Floor  
Dayton, OH 45422

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your District to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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**Dave Yost**  
Auditor of State

July 6, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Montgomery County Arts and Cultural District  
451 W. Third Street  
10<sup>th</sup> Floor  
Dayton, OH 45422

To the Board of Trustees:

We have audited the accompanying financial statements of the Montgomery County Arts and Cultural District, (the District) as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require the District to reformat its statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Montgomery County Arts and Cultural District, Montgomery County, as of December 31, 2010 and 2009, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

July 6, 2011



**MONTGOMERY COUNTY ARTS AND CULTURAL DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>
<b>Cash Receipts:</b>	
Intergovernmental	\$1,000,000
Earnings on Investments	274
Contributions, Gifts and Donations	200
Total Cash Receipts	<u>1,000,474</u>
<b>Cash Disbursements:</b>	
<b>Current:</b>	
Arts and Cultural Grants	855,974
Administration	33,970
Contract Services	18,085
Total Cash Disbursements	<u>908,029</u>
 Total Cash Receipts Over Cash Disbursements	 <u>92,445</u>
 Fund Cash Balance, January 1	 <u>175,228</u>
 Fund Cash Balance, December 31	 <u><u>\$267,673</u></u>

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

**MONTGOMERY COUNTY ARTS AND CULTURAL DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>General</b>
<b>Cash Receipts:</b>	
Intergovernmental	\$1,000,000
Earnings on Investment	198
Total Cash Receipts	1,000,198
 <b>Cash Disbursements:</b>	
<b>Current:</b>	
Arts and Cultural Grants	892,732
General Administration	58,091
Administration	12,403
Contract Services	11,250
Total Cash Disbursements	974,476
 Total Cash Receipts Over Cash Disbursements	 25,722
 Fund Cash Balance, January 1	 149,506
 Fund Cash Balance, December 31	 \$175,228

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

**MONTGOMERY COUNTY ARTS AND CULTURAL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Montgomery County Arts and Cultural District, (the District) was established to exercise the rights and privileges conveyed to it by the constitution and by laws of the State of Ohio. The District is directed by a Board of Trustees consisting of fifteen members appointed by the Montgomery County Board of Commissioners. The District receives an annual allocation from Montgomery County for its operation. The District provides support and enhances arts and cultural resources within its boundaries.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements 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 Auditor of State prescribes or permits.

**C. Cash and Investments**

The District's accounting basis includes investments as assets. Accordingly, the District does not record investment purchases as disbursements or investment sales as receipts. The District records gains or losses at the time of sale as receipts or disbursements, respectively. The District had no investments in 2010 and 2009.

**D. Fund Accounting**

The District uses fund accounting to segregate cash and deposits that are restricted as to use. The District has one fund.

**1. General Fund**

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

**E. Budgetary Process**

The District (taxing authority) does not levy a tax, and thus is not required to adopt a tax budget pursuant or ORC 5705.28(A). Instead, Article V Section 1 of the Board of Trustees' Rules and Procedures requires the Board of Trustees to adopt and transmit a budget to each member. The budget shall determine the estimated operating expenses of the District to be borne by the Members during such calendar year.

A summary of 2010 and 2009 budgetary activity appears on Note 3.

**MONTGOMERY COUNTY ARTS AND CULTURAL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The District maintains a cash pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash deposits at December 31 follows:

	<b>2010</b>	<b>2009</b>
Total demand deposits	\$267,673	\$175,228

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation and/or collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

**2010 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$1,000,000	\$1,000,474	\$474

**2010 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$1,175,061	\$908,029	\$267,032

**2009 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$1,000,500	\$1,000,198	(\$302)

**2009 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$1,150,006	\$974,476	\$175,530



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Montgomery County Arts and Cultural District  
Montgomery County  
451 W. Third Street  
10<sup>th</sup> Floor  
Dayton, OH 45422

To the Board of Trustees:

We have audited the financial statements of Montgomery County Arts and Cultural District, Montgomery County, (the District) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 6, 2011, wherein we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **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, providing an opinion 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*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated July 6, 2011.

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

July 6, 2011



# Dave Yost • Auditor of State

**MONTGOMERY ARTS AND CULTURAL DISTRICT**

**MONTGOMERY 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  
AUGUST 16, 2011**