



Dave Yost • Auditor of State

**MIAMI TOWNSHIP- CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Miami Township – City of Dayton Joint Economic Development District
Montgomery County
2700 Lyons Road
Miamisburg, Ohio 45342

To the Board of Directors:

We have audited the accompanying financial statements of the Miami Township-City of Dayton Joint Economic Development District Montgomery County, Ohio (the District), as of and for the years ended December 31, 2011 and 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. 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 discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the Miami Township-City of Dayton Joint Economic Development District, Montgomery County, Ohio, as of December 31, 2011 and 2010, and the respective changes in cash financial position, thereof and the budgetary comparison for the General Fund for the years then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2012, 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.

We conducted our audit to opine on the District's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets and changes in net assets. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

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

Dave Yost
Auditor of State

July 23, 2012

**MIAMI TOWNSHIP – CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

This discussion and analysis of the Miami Township - City of Dayton Joint Economic Development District financial performance provides an overall review of the District’s financial activities for the year ended December 31, 2011. The intent of this discussion and analysis is to look at the District’s financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District’s financial performance.

Highlights

Key highlights for 2011 are as follows:

- During the year the net assets increased by \$7,315 or 2% as receipts exceeded disbursements.
- Revenues consisted of income tax revenues of \$167,029 and interest income of \$679.
- The District had \$160,393 in disbursements; \$139,892 of which was disbursed to Miami Township and the City of Dayton pursuant to the revenue sharing agreement. General revenues of \$167,708 were adequate to provide for these activities.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District’s cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the District as a whole.

The notes to the financial statements are an integral part of the district-wide and financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District’s basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**MIAMI TOWNSHIP – CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

Reporting the District as a Whole

The statement of net assets and the statement of activities reflect how the District did financially during 2011, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the activities of the District at year end. The statement of activities compares cash disbursements with program receipts for each program. Program receipts include charges paid by the recipient of the program’s goods or services and grants and contributions restricted to meeting the operational or capital requirements of a specific program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each function draws from the District’s general receipts.

These statements report the District’s cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District’s financial health. Over time, increases or decreases in the District’s cash position is one indicator of whether the District’s financial health is improving or deteriorating. When evaluating the District’s financial condition, you should also consider other nonfinancial factors as well such as the District’s capital assets and the extent of the District’s debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as income taxes.

The District as a Whole

Table 1 provides a summary of the District’s net assets for 2011 compared to 2010 on a cash basis.

Table 1		
	2011	2010
Assets:		
Cash	\$339,547	\$332,232
Total Assets	339,547	332,232
 Net Assets:		
Restricted	5,255	4,417
Unrestricted	334,292	327,815
Total Net Assets	\$339,547	\$332,232

Net assets increased by \$ 7,315 or 2% during 2011. The reason for this is income tax collections exceeded expenses. Table 2 reflects the changes in net assets in 2011 and 2010 on a cash basis.

**MIAMI TOWNSHIP – CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

Table 2

	2011	2010
General Receipts:		
Income Taxes	\$167,029	\$185,884
Interest Income	679	637
Total General Receipts	<u>167,708</u>	<u>186,521</u>
Disbursements:		
Economic Development	5,829	9,650
Intergovernmental	139,892	155,837
Capital Outlay	14,672	
Total General Disbursements	<u>160,393</u>	<u>165,487</u>
Increase in Cash Balance	7,315	21,034
Cash Balance January 1,	332,232	311,198
Cash Balance December 31,	<u>\$339,547</u>	<u>\$332,232</u>

Disbursements for the District represent the overhead costs of running the District and capital outlay. Economic development disbursements are comprised of insurance, bank fees, and other administrative costs.

Budgeting

The District’s budget is prepared according to the agreement between the Township and the City and is based upon accounting for all transactions on a basis of cash receipts and disbursements.

The original 2011 budget was amended during the year. The budgeted receipts included income tax collections and interest earned on idle cash in a bank account.

Final disbursements were budgeted at \$161,095 while actual disbursements were \$160,393.

Current Issues

The challenge for all Joint Economic Development Districts (JEDD) is to provide quality services to the businesses residing within the boundaries of the district while staying within sometimes an unpredictable amount of revenues. With the JEDD being the first of its kind in the southern portion of the State, the Board of Directors are continuously assessing not only the current needs of the businesses but also the future needs of the current businesses and future businesses.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District’s finances and to reflect the District’s accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Joe Fowler, Secretary-Treasurer, 2700 Lyons Road, Miami Township, Ohio 45432.

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MIAMI TOWNSHIP - CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2011

	<u>Governmental Activities</u>
Assets:	
Cash	\$339,547
Total Assets	<u>339,547</u>
Net Assets:	
Restricted for:	
Long Term Maintenance	5,255
Unrestricted	334,292
Total Net Assets	<u>\$339,547</u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP - CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Activities</u>
Disbursements:	
Current:	
Economic Development	\$5,829
Intergovernmental	139,892
Capital Outlay	14,672
Total Program Disbursements	<u>160,393</u>
Receipts:	
Income Tax	167,029
Interest	679
Total General Revenues	<u>167,708</u>
Increase in Cash Balance	7,315
Cash Balance Beginning of Year	<u>332,232</u>
Cash Balance End of Year	<u><u>\$339,547</u></u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP - CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Income Taxes	\$184,000	\$167,029	\$167,029	
Interest	400	600	679	\$79
Total Receipts	<u>184,400</u>	<u>167,629</u>	<u>167,708</u>	<u>79</u>
Disbursements:				
Current:				
Economic Development	8,532	6,532	5,829	703
Intergovernmental	138,300	139,891	139,892	(1)
Capital Outlay	20,000	14,672	14,672	
Total Disbursements	<u>166,832</u>	<u>161,095</u>	<u>160,393</u>	<u>702</u>
Net Change in Fund Balance	17,568	6,534	7,315	781
Fund Balance Beginning of Year	<u>332,232</u>	<u>332,232</u>	<u>332,232</u>	
Fund Balance End of Year	<u><u>\$349,800</u></u>	<u><u>\$338,766</u></u>	<u><u>\$339,547</u></u>	<u><u>\$781</u></u>

See accompanying notes to the basic financial statements.

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**MIAMI TOWNSHIP – CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

1. REPORTING ENTITY

The Miami Township – City of Dayton Joint Economic Development District (the “District”) is a political body incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was established by the Township Board of Trustees and the City Commission under the provisions of Sections 715.72 to 715.83, of The Ohio Revised Code, on January 1, 2006. The District operates under the direction of a five member Board of Directors. By law the Board is comprised of one member representing the City, appointed by the City Commission; one member representing the Township, appointed by the Township Trustees; one member representing the owners of the businesses located in the District, appointed by the City Commission with the concurrence of the Township Trustees; one member representing the persons employed in the District, appointed by the Township Trustees with the concurrence of the City Commission; and one member selected by the other Board members. The District’s purpose is to promote economic development activities in the geographic area comprising the District. Such area is located in Miami Township and includes the Dayton - Wright Brothers Airport, which is owned by the City of Dayton.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District’s accounting policies.

A. Basis of Presentation

The District’s basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities.

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. District activities generally are financed through a tax on income earned in the District.

The statement of net assets presents the cash balance of the District at year end. The statement of activities compares disbursements with program receipts for each of the District’s activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program’s goods or services, grants and contributions restricted to meeting the operational requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District’s general receipts. The District did not have any program revenues.

**MIAMI TOWNSHIP – CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

The District uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. All activities of the District are reported in the General Fund.

C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Cash

The District's cash is held in one depository account. This account is an interest bearing account. There were no investments during the year.

E. Budgetary Process

The contract between the Township and City prescribes a budgetary process for the District. The budget shall estimate the balance of funds available for operational and capital expenses and reserves. The Board shall expend funds in accordance with the budget. The Board of Directors approves the District's budget annually. Any amendments are also approved by the Board of Directors. The budget is prepared on a cash basis.

F. Capital Assets

Acquisitions of capital assets are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Restricted Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net assets represent amounts required by contract between the Township and the City for long term maintenance of the District.

The District's policy is to first apply restricted resources when an expense is incurred for purpose for which both restricted and unrestricted resources are available.

**MIAMI TOWNSHIP – CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis is based upon accounting for certain transactions on the basis of cash receipts and disbursements. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

4. DEPOSITS

Custodial credit risk is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$89,347 of the District's bank balance of \$339,347 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

5. INCOME TAXES

The District levies a 1.75 percent income tax on substantially all income earned in the District. Additional increases in the income tax rate require resolution of the Board. Employers within the District withhold income tax on employee compensation and remit at least quarterly and file an annual declaration. City of Dayton collects income taxes on behalf of the District.

The Miami Township – Dayton Joint Economic Development District Contract requires the District to set aside and provide in the budget, an amount equal to not less than one-half of one percent (0.5%) of the amount of the income tax collected for long term maintenance of the District. The contract also provides for the District to set aside each calendar year and provide for in its budget for such calendar year, an amount equal to not less than seventy five percent (75%) of the aggregate amount of the expected (1) income tax to be collected for such calendar year, and (2) other revenues, funds and proceeds obtained by the District through as a result of assessments, levies, sale of assets, grants or otherwise, and not subject to restrictions as to their use. The District shall pay on or before February 15 of the subsequent calendar year 50% of the Contracting Parties Distribution to the Township and 50% of the Contracting Parties Distribution to the City.

6. INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. There have been no claims. The District maintains property, general liability, fidelity, and directors and officers' liability coverage through the Brower Insurance Agency.

7. SIGNIFICANT CONTRACTUAL COMMITMENTS

As of December 31, 2011 the District had contractual commitments concerning the distribution of income tax monies as follows:

City of Dayton	\$62,890
Miami Township	\$62,890

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**MIAMI TOWNSHIP – CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED**

This discussion and analysis of the Miami Township - City of Dayton Joint Economic Development District financial performance provides an overall review of the District’s financial activities for the year ended December 31, 2010. The intent of this discussion and analysis is to look at the District’s financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District’s financial performance.

Highlights

Key highlights for 2010 are as follows:

- During the year the net assets increased by \$21,034 or 6.8% as receipts exceeded disbursements.
- Revenues consisted of income tax revenues of \$185,884 and interest income of \$637.
- The District had \$165,487 in disbursements; \$155,837 of which was disbursed to Miami Township and the City of Dayton pursuant to the revenue sharing agreement. General revenues of \$186,521 were adequate to provide for these activities.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District’s cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the District as a whole.

The notes to the financial statements are an integral part of the district-wide and financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

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As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**MIAMI TOWNSHIP – CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

Reporting the District as a Whole

The statement of net assets and the statement of activities reflect how the District did financially during 2010, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the activities of the District at year end. The statement of activities compares cash disbursements with program receipts for each program. Program receipts include charges paid by the recipient of the program’s goods or services and grants and contributions restricted to meeting the operational or capital requirements of a specific program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each function draws from the District’s general receipts.

These statements report the District’s cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District’s financial health. Over time, increases or decreases in the District’s cash position is one indicator of whether the District’s financial health is improving or deteriorating. When evaluating the District’s financial condition, you should also consider other nonfinancial factors as well such as the District’s capital assets and the extent of the District’s debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as income taxes.

The District as a Whole

Table 1 provides a summary of the District’s net assets for 2010 compared to 2009 on a cash basis.

	2010	2009
Assets:		
Cash	\$332,232	\$311,198
Total Assets	<u>332,232</u>	<u>311,198</u>
Net Assets:		
Restricted for:		
Long Term Maintenance	4,417	3,636
Unrestricted	327,815	307,562
Total Net Assets	<u>\$332,232</u>	<u>\$311,198</u>

Net assets increased by \$ 21,034 or 6.8% during 2010. The reason for this is income tax collections exceeded expenses.

Table 2 reflects the changes in net assets in 2010 and 2009 on a cash basis.

**MIAMI TOWNSHIP – CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

Table 2

	2010	2009
General Receipts:		
Income Taxes	\$185,884	\$207,369
Interest Income	637	414
Total General Receipts	186,521	207,783
Disbursements:		
Economic Development	9,650	7,293
Intergovernmental	155,837	145,732
Total General Disbursements	165,487	153,025
Increase in Cash Balance	21,034	54,758
Cash Balance January 1,	311,198	256,440
Cash Balance December 31,	\$332,232	\$311,198

Disbursements for the District represent the overhead costs of running the District and capital outlay. Economic development disbursements are comprised of insurance, bank fees, office supplies, and other administrative costs.

Budgeting

The District’s budget is prepared according to the agreement between the Township and the City and is based upon accounting for all transactions on a basis of cash receipts and disbursements.

The original 2010 budget was amended during the year. The budgeted receipts included income tax collections and interest earned on idle cash in a bank account.

Final disbursements were budgeted at \$184,369 while actual disbursements were \$165,487.

Current Issues

The challenge for all Joint Economic Development Districts (JEDD) is to provide quality services to the businesses residing within the boundaries of the District while staying within sometimes an unpredictable amount of revenues. With the JEDD being the first of its kind in the southern portion of the State, the Board of Directors are continuously assessing not only the current needs of the businesses but also the future needs of the current businesses and future businesses.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District’s finances and to reflect the District’s accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Joe Fowler, Secretary-Treasurer, 2700 Lyons Road, Miami Township, Ohio 45432.

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**MIAMI TOWNSHIP - CITY OF DAYTON JOINING ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Activities</u>
Assets:	
Cash	\$332,232
Total Assets	<u>332,232</u>
Net Assets:	
Restricted for:	
Long Term Maintenance	4,417
Unrestricted	327,815
Total Net Assets	<u><u>\$332,232</u></u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP - CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Governmental Activities
Disbursements:	
Economic Development	\$9,650
Intergovernmental	155,837
Total Program Disbursements	<u>165,487</u>
General Receipts:	
Income Tax	185,884
Interest	637
Total General Revenues	<u>186,521</u>
Increase in Cash Balance	21,034
Cash Balance Beginning of Year	<u>311,198</u>
Cash Balance End of Year	<u><u>\$332,232</u></u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP - CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts:				
Income Taxes	\$184,000	\$184,000	\$185,884	\$1,884
Interest	140	400	637	237
Total Receipts	<u>184,140</u>	<u>184,400</u>	<u>186,521</u>	<u>2,121</u>
Disbursements:				
Current:				
Economic Development	9,500	8,531	9,650	(1,119)
Intergovernmental	150,200	155,838	155,837	1
Capital Outlay	20,000	20,000		20,000
Total Disbursements	<u>179,700</u>	<u>184,369</u>	<u>165,487</u>	<u>18,882</u>
Net Change in Fund Balance	4,440	31	21,034	21,003
Fund Balance Beginning of Year	<u>311,198</u>	<u>311,198</u>	<u>311,198</u>	
Fund Balance End of Year	<u><u>\$315,638</u></u>	<u><u>\$311,229</u></u>	<u><u>\$332,232</u></u>	<u><u>\$21,003</u></u>

See accompanying notes to the basic financial statements.

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**MIAMI TOWNSHIP – CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

1. REPORTING ENTITY

The Miami Township – City of Dayton Joint Economic Development District (the “District”) is a political body incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was established by the Township Board of Trustees and the City Commission under the provisions of Sections 715.72 to 715.83, of The Ohio Revised Code, on January 1, 2006. The District operates under the direction of a five member Board of Directors. By law the Board is comprised of one member representing the City, appointed by the City Commission; one member representing the Township, appointed by the Township Trustees; one member representing the owners of the businesses located in the District, appointed by the City Commission with the concurrence of the Township Trustees; one member representing the persons employed in the District, appointed by the Township Trustees with the concurrence of the City Commission; and one member selected by the other Board members. The District’s purpose is to promote economic development activities in the geographic area comprising the District. Such area is located in Miami Township and includes the Dayton - Wright Brothers Airport, which is owned by the City of Dayton.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District’s accounting policies.

A. Basis of Presentation

The District’s basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities.

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. District activities generally are financed through a tax on income earned in the District.

The statement of net assets presents the cash balance of the District at year end. The statement of activities compares disbursements with program receipts for each of the District’s activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program’s goods or services, grants and contributions restricted to meeting the operational requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District’s general receipts. The District did not have any program revenues.

**MIAMI TOWNSHIP – CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

The District uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. All activities of the District are reported in the General Fund.

C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Cash

The District's cash is held in one depository account. This account is an interest bearing account. There were no investments during the year.

E. Budgetary Process

The contract between the Township and City prescribes a budgetary process for the District. The budget shall estimate the balance of funds available for operational and capital expenses and reserves. The Board shall expend funds in accordance with the budget. The Board of Directors approves the District's budget annually. Any amendments are also approved by the Board of Directors. The budget is prepared on a cash basis.

F. Capital Assets

Acquisitions of capital assets are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Restricted Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net assets represent amounts required by contract between the Township and the City for long term maintenance of the District.

The District's Policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**MIAMI TOWNSHIP – CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis is based upon accounting for certain transactions on the basis of cash receipts and disbursements. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

4. DEPOSITS

Custodial credit risk is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$82,032 of the District's bank balance of \$332,032 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

5. INCOME TAXES

The District levies a 1.75 percent income tax on substantially all income earned in the District. Additional increases in the income tax rate require resolution of the Board. Employers within the District withhold income tax on employee compensation and remit at least quarterly and file an annual declaration. City of Dayton collects income taxes on behalf of the District.

The Miami Township – Dayton Joint Economic Development District Contract requires the District to set aside and provide in the budget, an amount equal to not less than one-half of one percent (0.5%) of the amount of the income tax collected for long term maintenance of the District. The contract also provides for the District to set aside each calendar year and provide for in its budget for such calendar year, an amount equal to not less than seventy five percent (75%) of the aggregate amount of the expected (1) income tax to be collected for such calendar year, and (2) other revenues, funds and proceeds obtained by the District through as a result of assessments, levies, sale of assets, grants or otherwise, and not subject to restrictions as to their use. The District shall pay on or before February 15 of the subsequent calendar year 50% of the Contracting Parties Distribution to the Township and 50% of the Contracting Parties Distribution to the City.

6. INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. There have been no claims. The District maintains property, general liability, fidelity, and directors and officers' liability coverage through the Brower Insurance Agency.

**MIAMI TOWNSHIP – CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

7. SIGNIFICANT CONTRACTUAL COMMITMENTS

As of December 31, 2010 the District had contractual commitments concerning the distribution of income tax monies as follows:

City of Dayton	\$69,945
Miami Township	\$69,945



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

Miami Township-City of Dayton Joint Economic Development District
Montgomery County
2700 Lyons Road
Miamisburg, Ohio 45342

To the Board of Directors:

We have audited the financial statements of Miami Township-City of Dayton Joint Economic Development District, Montgomery County, (the District) as of and for the year ended December 31, 2011 and 2010 and have issued our report thereon dated July 23, 2012 wherein we noted 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 matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated July 23, 2012.

We intend this report solely for the information and use of management, the Board of Directors, 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 "Y" at the end.

Dave Yost
Auditor of State

July 23, 2012

**MIAMI TOWNSHIP – CITY OF DAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Proper classification of Disbursements	Yes	

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Dave Yost • Auditor of State

MIAMI TOWNSHIP – CITY OF DAYTON JEDD

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
SEPTEMBER 6, 2012