



Dave Yost • Auditor of State



**MIAMI TOWNSHIP- DAYTON MALL JOINT ECONOMIC DEVELOPMENT DISTRICT  
MONTGOMERY COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Miami Township – Dayton Mall 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-Dayton Mall 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 opinions.

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-Dayton Mall 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 27, 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, 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, flowing style with a large loop at the end of the last name.

**Dave Yost**  
Auditor of State

July 27, 2012

**MIAMI TOWNSHIP - DAYTON MALL 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 Dayton Mall 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 net assets increased \$154,874, or 126% as a result of an increase in the income tax rate from 1.75% to 2.25%.
- Revenues consisted entirely of income tax revenues of \$253,373.
- The District had \$98,499 in disbursements; \$92,705 of which was disbursed to Miami Township and City of Miamisburg pursuant to the revenue sharing agreement. General revenues of \$253,373 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 - DAYTON MALL 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 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 2011 compared to 2010 on a cash basis.

	<b>2011</b>	<b>2010</b>
<b>Assets:</b>		
Cash	\$278,018	\$123,144
Total Assets	278,018	123,144
<b>Net Assets:</b>		
<b>Restricted for:</b>		
Long Term Maintenance	87,988	30,439
Unrestricted	190,030	92,705
Total Net Assets	<u>\$278,018</u>	<u>\$123,144</u>

Net assets increased by \$154,874 or 126% during 2011. The reason for this is income taxes exceeding expenses. Table 2 reflects the changes in net assets in 2011 and 2010 on a cash basis.

	<b>2011</b>	<b>2010</b>
<b>General Receipts:</b>		
Income Taxes	\$253,373	\$123,607
Total General Receipts	253,373	123,607
<b>Disbursements:</b>		
Economic Development	5,794	5,899
Intergovernmental	92,705	16,308
Total Disbursements	98,499	22,207
Increase in Cash Balance	154,874	101,400
Cash Balance, January 1,	123,144	21,744
Cash Balance, December 31,	<u>\$278,018</u>	<u>\$123,144</u>



**MIAMI TOWNSHIP - DAYTON MALL JOINT ECONOMIC DEVELOPMENT DISTRICT  
MONTGOMERY COUNTY**

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

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 \$98,710 while actual disbursements were \$98,499.

**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. 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 Gregory A. Hanahan, Secretary-Treasurer, 2700 Lyons Road, Miami Township, Ohio 45432.

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MIAMI TOWNSHIP - DAYTON MALL JOINT ECONOMIC DEVELOPMENT DISTRICT  
MONTGOMERY COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2011

**Assets:**

Cash	\$278,018
Total Assets	<u>278,018</u>

**Net Assets:**

**Restricted For:**

Long Term Maintenance	87,988
Unrestricted	190,030
Total Net Assets	<u><u>\$278,018</u></u>

*See accompanying notes to the basic financial statements.*

**MIAMI TOWNSHIP - DAYTON MALL JOINT ECONOMIC DEVELOPMENT DISTRICT  
MONTGOMERY COUNTY**

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

**Disbursements:**

**Current:**

Economic Development	\$5,794
Intergovernmental	<u>92,705</u>
Total Program Disbursements	<u>98,499</u>

**Receipts:**

Income Tax	<u>253,373</u>
Total General Revenues	<u>253,373</u>

Increase in Cash Balance 154,874

Cash Balance Beginning of Year 123,144

Cash Balance End of Year \$278,018

*See accompanying notes to the basic financial statements.*

**MIAMI TOWNSHIP - DAYTON MALL 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>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Income Taxes	\$150,000	\$253,373	\$253,373	
Interest	350			
Total Receipts	<u>150,350</u>	<u>253,373</u>	<u>253,373</u>	
<b>Disbursements:</b>				
<b>Current:</b>				
Economic Development	9,500	5,904	5,794	\$110
Intergovernmental	98,800	92,806	92,705	101
Capital Outlay	20,000			
Total Disbursements	<u>128,300</u>	<u>98,710</u>	<u>98,499</u>	<u>211</u>
Net Change in Fund Balance	22,050	154,663	154,874	211
Fund Balance Beginning of Year	<u>123,144</u>	<u>123,144</u>	<u>123,144</u>	
Fund Balance End of Year	<u><u>\$145,194</u></u>	<u><u>\$277,807</u></u>	<u><u>\$278,018</u></u>	<u><u>\$211</u></u>

*See accompanying notes to the basic financial statements.*

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**MIAMI TOWNSHIP – DAYTON MALL JOINT ECONOMIC DEVELOPMENT DISTRICT  
MONTGOMERY COUNTY**

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

**1. REPORTING ENTITY**

The Miami Township – Dayton Mall 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 Miamisburg City Council under the provisions of Sections 715.72 to 715.83, of The Ohio Revised Code, on June 11, 2009. 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 Council; 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 Township Trustees Council with the concurrence of the City; one member representing the persons employed in the District, appointed by the City with the concurrence of the Township Trustees; and one member representing the County, appointed by the County Commissioners. 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 Mall area.

**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 – DAYTON MALL 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**

**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 a non-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 – DAYTON MALL 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, all of the District's bank balance of \$283,518 was insured.

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 2.25 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 Miamisburg collects income taxes on behalf of the District.

The Miami Township – Dayton Mall Joint Economic Development District Contract requires the District to set aside and provide in the budget, twenty-five percent (25%) 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 the sum of seventy five percent (75%) of the aggregate amount of the expected annual income tax to be collected for such calendar year, plus (ii) seventy-five percent of all 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 70% of the Contracting Parties Distribution to the Township and 30% 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 belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**MIAMI TOWNSHIP – DAYTON MALL JOINT ECONOMIC DEVELOPMENT DISTRICT  
MONTGOMERY COUNTY**

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

**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 Miamisburg	\$57,009
Miami Township	\$133,021

**MIAMI TOWNSHIP - DAYTON MALL 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 Dayton Mall 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 first year of operations the net assets were \$123,144.
- Revenues consisted entirely of income tax revenues of \$123,607.
- The District had \$22,207 in disbursements; \$16,308 of which was disbursed to Miami Township and the City of Miamisburg pursuant to the revenue sharing agreement. General revenues of \$123,607 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 - DAYTON MALL 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 on a cash basis.

<b>Table 1</b>	
	<b>2010</b>
<b>Assets:</b>	
Cash	\$123,144
Total Assets	123,144
<b>Net Assets:</b>	
<b>Restricted for:</b>	
Long Term Maintenance	30,439
Unrestricted	92,705
Total Net Assets	<u>\$123,144</u>

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

<b>Table 2</b>	
	<b>2010</b>
<b>General Receipts:</b>	
Income Taxes	\$123,607
Total General Receipts	123,607
<b>Disbursements:</b>	
Economic Development	5,899
Intergovernmental	16,308
Total Disbursements	22,207
Increase in Cash Balance	101,400
Cash Balance, January 1,	21,744
Cash Balance, December 31,	<u>\$123,144</u>

**MIAMI TOWNSHIP - DAYTON MALL JOINT ECONOMIC DEVELOPMENT DISTRICT  
MONTGOMERY COUNTY**

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

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 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 \$25,200 while actual disbursements were \$22,207.

**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. 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 Gregory A. Hanahan, Secretary-Treasurer, 2700 Lyons Road, Miami Township, Ohio 45432.

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**MIAMI TOWNSHIP - DAYTON MALL JOINT ECONOMIC DEVELOPMENT DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2010**

**Assets:**

Cash	\$123,144
Total Assets	<u>123,144</u>

**Net Assets:**

**Restricted for:**

Long Term Maintenance	30,439
Unrestricted	92,705
Total Net Assets	<u><u>\$123,144</u></u>

*See accompanying notes to the basic financial statements.*

**MIAMI TOWNSHIP - DAYTON MALL JOINT ECONOMIC DEVELOPMENT DISTRICT  
MONTGOMERY COUNTY**

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

**Disbursements:**

**Current:**

Economic Development	\$5,899
Intergovernmental	<u>16,308</u>
Total Program Disbursements	<u>22,207</u>

**Receipts:**

Income Tax	<u>123,607</u>
Total General Revenues	<u>123,607</u>

Increase in Cash Balance 101,400

Cash Balance Beginning of Year 21,744

Cash Balance End of Year \$123,144

*See accompanying notes to the basic financial statements.*



**MIAMI TOWNSHIP - DAYTON MALL 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>		
<b>Receipts:</b>				
Income Taxes	\$150,000	\$130,000	\$123,607	(\$6,393)
Interest	350			
Total Receipts	<u>150,350</u>	<u>130,000</u>	<u>123,607</u>	<u>(6,393)</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Economic Development	9,500	9,000	5,899	3,101
Intergovernmental	20,000	16,200	16,308	(108)
Capital Outlay	20,000			
Total Disbursements	<u>49,500</u>	<u>25,200</u>	<u>22,207</u>	<u>2,993</u>
Net Change in Fund Balance	100,850	104,800	101,400	(3,400)
Fund Balance Beginning of Year	<u>21,744</u>	<u>21,744</u>	<u>21,744</u>	
Fund Balance End of Year	<u><u>\$122,594</u></u>	<u><u>\$126,544</u></u>	<u><u>\$123,144</u></u>	<u><u>(\$3,400)</u></u>

*See accompanying notes to the basic financial statements.*

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**MIAMI TOWNSHIP – DAYTON MALL JOINT ECONOMIC DEVELOPMENT DISTRICT  
MONTGOMERY COUNTY**

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

**1. REPORTING ENTITY**

The Miami Township – Dayton Mall 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 Miamisburg City Council under the provisions of Sections 715.72 to 715.83, of The Ohio Revised Code, on June 11, 2009. 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 Council; 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 Township Trustees with the concurrence of the City; one member representing the persons employed in the District, appointed by the City with the concurrence of the Township Trustees; and one member representing the County, appointed by the County Commissioners. 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 Mall area.

**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 – DAYTON MALL 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 a non-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 – DAYTON MALL 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, all of the District's bank balance of 123,144 was insured.

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 Miamisburg collects income taxes on behalf of the District.

The Miami Township – Dayton Mall Joint Economic Development District Contract requires the District to set aside and provide in the budget, twenty-five percent (25%) 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 the sum of seventy five percent (75%) of the aggregate amount of the expected annual income tax to be collected for such calendar year, plus (ii) seventy-five percent of all 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 70% of the Contracting Parties Distribution to the Township and 30% 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 belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**MIAMI TOWNSHIP – DAYTON MALL 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 Miamisburg	\$27,812
Miami Township	\$64,894

**8. CASH BALANCE BEGINNING OF YEAR**

District's beginning cash balance of \$21,744 consisted of November 2009 income tax payments that were remitted to the District in December 2009 by the City of Miamisburg. There was no other financial activity prior to January 1, 2010.

**9. SUBSEQUENT EVENTS**

The District's income tax rate increased to 2.25% effective January 1, 2011.



# 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-Dayton Mall 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-Dayton Mall Joint Economic Development District, Montgomery County, (the District) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated July 27, 2012 wherein we noted the District uses an 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-001 and 2011-002 described in the accompanying schedule of findings to be material weaknesses.

### 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* as described in the Schedule of Findings as item 2011-001.

We also noted a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated July 27, 2012.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

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.



**Dave Yost**  
Auditor of State

July 27, 2012



**MIAMI TOWNSHIP - DAYTON MALL JOINT ECONOMIC DEVELOPMENT DISTRICT  
MONTGOMERY COUNTY**

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

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2011-001**

**MATERIAL WEAKNESS / NONCOMPLIANCE**

**Section 10E of the Miami Township - Dayton Mall Joint Economic Development District Contract** states that the District shall set aside, and provide for in its budget, twenty-five percent (25%) of the amount of the income tax collected (i.e. all sums collected from the levy of the income tax each year or part of a year) for long term maintenance of the District. Long-term maintenance of the District shall mean providing for the administration of the District, including the administration and collection of the District revenues, marketing the District, beautification and landscaping improvements within or benefiting the District and acquisition of real and personal property within or for the benefit of the District of the purposes of this agreement.

Additionally, Government Accounting Standards Board (GASB) statement number 34, paragraph 34, as amended by GASB statement number 46, paragraph 2 and codified into GASB codification 2200 states that net assets should be reported as restricted when constraints placed on net asset use are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments
- b. Imposed by law through constitutional provisions or enabling legislation.

Enabling legislation, as the term is used in this Statement, authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

During 2010 and 2009, the District received \$123,607 and \$21,744 in income tax receipts respectively. Total allowable expenditures for long term maintenance during this period amounted to \$5,899. Based on the set-aside requirement as noted above, the District's required set-aside balance was calculated as follows:

<u>Description</u>	<u>Amount</u>	<u>Set Aside Percentage</u>	<u>Set Aside Amount</u>
2009 Income Tax Revenues	\$ 21,744	25%	\$ 5,436
Less			
2009 Qualifying Disbursements			
2009 Set-Aside Carryover			<u>5,436</u>
Add			
2010 Income Tax Revenues	123,607	25%	30,902
Less			
2010 Qualifying Disbursements	(\$ 5,899)		<u>(5,899)</u>
Set Aside Balance			<u><u>\$30,439</u></u>

However, the District only reported \$727 as restricted net asset amount resulting in an understatement of \$29,712.

**Finding 2011-001  
 (Continued)**

Similarly during 2011, the District received \$253,373 in income tax dollars, had a beginning set-aside balance after adjustments, as noted above of \$30,439 and total qualifying expenditures were \$5,294. Following is the calculation of ending set-aside balance for the District:

<u>Description</u>	<u>Amount</u>	<u>Set Aside Percentage</u>	<u>Set Aside Amount</u>
Income Tax Revenues			
2011	\$253,373	25%	\$63,343
Add			
2010 Ending Set-Aside Balance	30,439		30,439
Less			
Qualifying Disbursements	(\$ 5,794)		<u>(5,794)</u>
2011 Set Aside Balance			<u><u>\$87,988</u></u>

However, the District reported a set aside balance of \$1,994 resulting in an understatement of \$85,994.

The misstatements noted above were determined to be material and required audit adjustments to properly present restricted net asset amounts on the financial statements.

Policies and procedures should be established and implemented to verify that the District properly funds it's set aside for long term maintenance in accordance with its contract provisions. Failure to do so could result in material misstatements on the financial statements.

**Official's Response:**

We concur with the recommendations and adjustments.

**FINDING NUMBER 2011-002**

**MATERIAL WEAKNESS**

The contract between the City of Miamisburg and Miami Township requires that seventy-five percent of the income tax receipts be distributed annually to the contracting parties. Additionally, Auditor of State Bulletin 2009-004 stipulates that joint economic development district distributions to contracting parties be reported as intergovernmental disbursements in their annual reports.

During 2010, the District distributed income tax receipts totaling \$16,308 to the City of Miamisburg and Miami Township. The District reported these distributions as capital outlay disbursements rather than as intergovernmental disbursements resulting in misclassification of disbursements. These misclassifications amounted to 95% of total expenditures for the year ended December 31, 2010. The accompanying financial statements have been adjusted to correct these misclassifications.

Additionally, during 2011 the District understated economic development expenditures by \$500 on its financial statements, although the amounts were correctly reported on the District's ledgers. This resulted in the year-end financial statement cash balance being overstated and expenditures being understated by \$500. The accompanying financial statements have been adjusted to correctly present the 2011 expenditures and year-end cash balance.

**FINDING NUMBER 2011-002  
(Continued)**

The District should review Auditor of State Bulletin 2009-004 prior to completion of the financial statements to verify that distributions of income tax receipts are properly reported as intergovernmental disbursements. Additionally, someone independent of the financial statement preparation process should review the statements to verify its completeness and accuracy. Failure to do so could result in material misstatements going unnoticed.

**Official's Response:**

We concur with the recommendations and adjustments.

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# Dave Yost • Auditor of State

**MIAMI TOWNSHIP-DAYTON MALL JOINT ECONOMIC DEVELOPMENT 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  
SEPTEMBER 18, 2012**