



Dave Yost • Auditor of State

**CITY OF MEDINA – MONTVILLE TOWNSHIP JOINT ECONOMIC DEVELOPMENT DISTRICT
MEDINA COUNTY**

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INDEPENDENT AUDITOR'S REPORT

City of Medina – Montville Township Joint Economic Development District
Medina County
6665 Wadsworth Road
Medina, Ohio 44256

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the City of Medina – Montville Township Joint Economic Development District, Medina County, Ohio, (the District) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the City of Medina – Montville Township Joint Economic Development District, Medina County, Ohio as of December 31, 2014 and 2013, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 11, 2015

**CITY OF MEDINA - MONTVILLE TOWNSHIP JOINT ECONOMIC DEVELOPMENT DISTRICT
MEDINA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General Fund
Cash Receipts	
Income Taxes	\$149,218
Miscellaneous	2
	149,220
 Cash Disbursements	
City of Medina	53,953
Montville Township	53,953
Income Tax Collection Fees	2,984
Administrative	305
Filing Fees	252
	111,447
<i>Total Cash Disbursements</i>	<i>111,447</i>
 <i>Excess of Receipts Over Disbursements</i>	 <i>37,773</i>
 <i>Fund Cash Balances, January 1</i>	 <i>72,267</i>
 Fund Cash Balances, December 31	
Unassigned	\$110,040

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

**CITY OF MEDINA - MONTVILLE TOWNSHIP JOINT ECONOMIC DEVELOPMENT DISTRICT
MEDINA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General Fund</u>
Cash Receipts	
Income Taxes	<u>\$164,170</u>
<i>Total Cash Receipts</i>	164,170
Cash Disbursements	
City of Medina	76,811
Montville Township	76,811
Income Tax Collection Fees	3,283
Administrative	203
Filing Fees	740
Legal	2,035
Marketing	330
Other	<u>2</u>
<i>Total Cash Disbursements</i>	<u>160,215</u>
<i>Excess of Receipts Over Disbursements</i>	<u>3,955</u>
<i>Fund Cash Balances, January 1</i>	<u>68,312</u>
Fund Cash Balances, December 31	
Unassigned	<u><u>\$72,267</u></u>

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

**CITY OF MEDINA – MONTVILLE TOWNSHIP JOINT ECONOMIC DEVELOPMENT DISTRICT
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The City of Medina - Montville Township Joint Economic Development District, Medina County, Ohio, (the District) contract was entered into as of October 1, 2010 under the authority of Ohio Revised Code Sections 715.72 through 715.83. The District is comprised of Montville Township and the City of Medina. The District operates under an appointed five member Board of Directors established in accordance with Ohio Revised Code Section 715.78(A). The purpose of the District is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the City, Township, and District.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash

The Districts' cash is held in a non-interest bearing checking account.

D. Fund Accounting

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

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

E. Fund Balance

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

1. Nonspendable

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

CITY OF MEDINA - MONTVILLE TOWNSHIP JOINT ECONOMIC DEVELOPMENT DISTRICT
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Fund Balance (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

2. Cash Deposits

The District maintains a non-interest bearing checking account for the General Fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2014	2013
Demand deposits	<u>\$110,040</u>	<u>\$72,267</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**CITY OF MEDINA - MONTVILLE TOWNSHIP JOINT ECONOMIC DEVELOPMENT DISTRICT
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. Local Income Tax

The Board of Directors adopted a resolution to levy a work city income tax in the District at a rate of 1.25% pursuant to Ohio Revised Code Section 715.74 for members that have joined the JEDD. The District covers commercial properties on State Route 18 and State Route 3. Current members of the JEDD are Summa Health System, Medina City School District (Blake and Waite Elementary Schools), Parkway of Montville, Discount Drug Mart, Inc., and Holiday Inn (scheduled to open in 2015).

Employers that have joined the District withhold income tax on employee compensation and remit the tax to the Central Collection Agency (CCA). The City of Medina initially receives the income tax collection from CCA and remits the JEDD area collections to the District less 2% for CCA administrative fees. The District's retains 20% of the income taxes for administrative and improvement expenses within the JEDD and quarterly distributes the remainder equally between Montville Township and the City of Medina.

4. Risk Management

The District has obtained a \$35,000 public entity surety bond for the Treasurer.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Medina – Montville Township Joint Economic Development District
Medina County
6665 Wadsworth Road
Medina, Ohio 44256

To the Board of Directors:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the City of Medina – Montville Township Joint Economic Development District, Medina County, Ohio, (the District) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated September 11, 2015 wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

September 11, 2015



Dave Yost • Auditor of State

CITY OF MEDINA MONTVILLE TOWNSHIP JOINT ECONOMIC DEVELOPMENT DISTRICT

MEDINA 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 24, 2015**