



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 AUDITOR'S REPORT

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

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Miami Township – Dayton Mall Joint Economic Development District, Montgomery County, (the Government) as of and for the years ended December 31, 2013 and 2012.

### ***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 Government'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 Government'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 opinion.

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

As described in Note 2 of the financial statements, the Government 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, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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 Government as of December 31, 2013 and 2012, 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 Miami Township – Dayton Mall Joint Economic Development District, Montgomery County as of December 31, 2013 and 2012, 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 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014, on our consideration of the Government'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 Government's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

June 20, 2014

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (CASH BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>Cash Receipts:</b>	
Income Tax Revenue	\$659,161
Interest Income	127
Total Cash Receipts	<u>659,288</u>
<b>Cash Disbursements:</b>	
<b>Current:</b>	
Economic Development	13,823
Intergovernmental	327,157
Miscellaneous	34
Total Cash Disbursements	<u>341,013</u>
Excess of Receipts Over (Under) Disbursements	<u>318,275</u>
Net Change in Fund Cash Balance	318,275
Fund Cash Balance, January 1	<u>521,812</u>
<b>Fund Cash Balance, December 31:</b>	
Restricted	<u>840,087</u>
Fund Cash Balance, December 31	<u><u>\$840,087</u></u>

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

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (CASH BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Cash Receipts:**

Income Tax Revenue	<u>\$436,209</u>
Total Cash Receipts	<u>436,209</u>

**Cash Disbursements:**

**Current:**

Economic Development	2,276
Intergovernmental	190,092
Miscellaneous	<u>48</u>
Total Cash Disbursements	<u>192,415</u>

Excess of Receipts Over (Under) Disbursements 243,794

Net Change in Fund Cash Balance 243,794

Fund Cash Balance, January 1 278,018

**Fund Cash Balance, December 31:**

Restricted	<u>521,812</u>
Fund Cash Balance, December 31	<u><u>\$521,812</u></u>

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



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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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 at large member, appointed by the Board of Directors of the District. 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**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. The 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.

**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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

The District's cash is held in one depository account. This account in 2012 was a non-interest bearing account. This account in 2013 was a non-interest bearing account through September of 2013. The account was transferred to an interest bearing account in October 2013. 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. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints within the Contract, and pursuant to Section 715.74(C)(3) of the Revised Code. The classifications are based upon the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011 as follows:

**A fund cash balance share is reported as non-spendable** when amounts cannot be spent because they are either: (a), not in spendable form; or (b), legally or contractually required to be maintained intact.

**A fund cash balance share is reported as restricted** when constraints placed on the use of resources are either: (a), externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b), imposed by law through constitutional provisions or enabling legislation.

**A fund cash balance share is reported as committed** when the board of directors passes resolutions requiring specific revenues be used for specific purposes. The board of directors can modify or rescind such resolutions at any time through additional formal action.

**A fund cash balance share is reported as assigned** when a revenue source is not previously restricted or committed, but the treasurer determines, in the treasurer's professional opinion, that assigning of the revenue is desired or made at the direction of the board of directors.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A fund cash balance is reported as unassigned** when resources have not been assigned to other board or director commitments or contractual responsibilities, and have not been restricted, committed, or assigned to any other specific purposes.

The District will apply 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 balances, 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.

**3. 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 of 2013, \$590,086 of the District's bank balance of \$840,086 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. At year end of 2012, \$271,812 of the District's bank balance of \$521,812 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.

**4. 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 to 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 or 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

**5. RISK MANAGEMENT**

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation. 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.

**A. Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2013, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**B. Financial Position**

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2013 (the latest information available):

	<u>2012</u>	<u>2013</u>
Assets	\$34,389,569	\$34,411,883
Liabilities	(14,208,353)	(12,760,194)
Net Position	<u>\$20,181,216</u>	<u>\$21,651,689</u>

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the District's share of these unpaid claims collectible in future years is approximately \$4,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2013</u>
<u>\$5,500</u>	<u>\$5,500</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

**5. RISK MANAGEMENT (Continued)**

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**6. SIGNIFICANT CONTRACTUAL COMMITMENTS**

As of December 31, 2013 and 2012 the District had contractual commitments concerning the distribution of income tax monies as follows:

	<b>2013</b>	<b>2012</b>
<b><i>City of Miamisburg</i></b>	\$148,339	\$98,146
<b><i>Miami Township</i></b>	\$346,126	\$229,009

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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 Rd.  
Miamisburg, Ohio 45342

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 Miami Township – Dayton Mall Joint Economic Development District, Montgomery County, (the Government) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated June 20, 2014 wherein we noted the Government followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

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

As part of our financial statement audit, we considered the Government'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 Government'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 Government'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 Government'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 Government's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Government'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, flowing style.

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 20, 2014



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

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-001	The District incorrectly calculated the required set-aside balances. The District was using the 0.5% requirement for the City of Dayton JEDD instead of the 25% requirement outlined in the contract.	Yes	
2011-002	The District incorrectly reported disbursements back to the contracting entities of income tax revenues as capital outlays instead of intergovernmental disbursements.	Yes	

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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  
AUGUST 12, 2014**