



Mary Taylor, CPA
Auditor of State

**CLAY TOWNSHIP – CITY OF CLAYTON
JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

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Mary Taylor, CPA
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Clay Township – City of Clayton
Joint Economic Development District
Montgomery County
8207 Arlington Road
Brookville, Ohio 45309

To the Board of Trustees:

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

Mary Taylor

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March 30, 2010

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INDEPENDENT ACCOUNTANTS' REPORT

Clay Township – City of Clayton
Joint Economic Development District
Montgomery County
8207 Arlington Road
Brookville, Ohio 45309

To the Board of Trustees:

We have audited the accompanying financial statements of the Clay Township – City of Clayton Joint Economic Development District, Montgomery County, (the District) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2009 and 2008, or its changes in financial for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Clay Township – City of Clayton Joint Economic Development District, Montgomery County, as of December 31, 2009 and 2008, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2010, 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.



Mary Taylor, CPA
Auditor of State

March 30, 2010

**CLAY TOWNSHIP - CITY OF CLAYTON
JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General
Cash Receipts:	
Income Taxes	\$25,000
Earnings on Investments	323
Total Cash Receipts	25,323
 Cash Disbursements:	
Contract Service - Administrative	242
Contract Service - Other	5,487
Contractual Services - Legal	6,235
Insurance	2,612
Total Cash Disbursements	14,576
Total Receipts Over/(Under) Disbursements	10,747
Fund Cash Balances, January 1	32,389
Fund Cash Balances, December 31	\$43,136

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

**CLAY TOWNSHIP - CITY OF CLAYTON
 JOINT ECONOMIC DEVELOPMENT DISTRICT
 MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2008**

	General
Cash Receipts:	
Contributions	\$50,000
Income Taxes	8,743
Earnings on Investments	189
Total Cash Receipts	58,932
 Cash Disbursements:	
Contract Service - Administrative	107
Contractual Services - Engineer	13,121
Contractual Services - Legal	10,659
Finance Administrator Expense	44
Insurance	2,612
Total Cash Disbursements	26,543
Total Receipts Over/(Under) Disbursements	32,389
Fund Cash Balances, January 1	_____
Fund Cash Balances, December 31	\$32,389

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

**CLAY TOWNSHIP - CITY OF CLAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Clay Township - City of Clayton Joint Economic Development District, Montgomery County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was formed as a result of an agreement between the City of Clayton and the Township of Clay, in Montgomery County. The District is directed by a five-member Board of Trustees. The District's purpose is to promote economic development activities in the geographic area comprising the District. Such area is located in Clay Township and includes the general area of Jacks Lane/State Route 49. The District's primary source of revenue is a tax on income earned in the District.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District only has a General Fund.

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources.

2. EQUITY IN CASH

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31, 2009 and 2008 was \$43,136 and \$32,389 respectively. Deposits are insured by the Federal Depository Insurance Corporation.

3. LOCAL INCOME TAX

The District, the City of Clayton (the City), and Clay Township (the Township), Montgomery County levies an income tax of 1.5 percent on substantially all earned income arising from employment or business activities within the District.

Employers within the District withhold income tax on employee compensation and remit the tax to the City, as required. The City then distributes income tax monies to the District, the City and the Township on a quarterly basis. Currently, the District receives fifteen percent of the income tax collections or \$25,000 whichever is higher. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually with the City.

**CLAY TOWNSHIP - CITY OF CLAYTON JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

4. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$7,600	\$25,323	\$17,723

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$25,650	\$14,576	\$11,074

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,735	\$58,932	\$1,197

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,735	\$26,543	\$31,192



Mary Taylor, CPA

Auditor of State

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

Clay Township – City of Clayton
Joint Economic Development District
Montgomery County
8207 Arlington Road
Brookville, Ohio 45309

To the Board of Trustees:

We have audited the financial statements of the Clay Township – City of Clayton Joint Economic Development District, Montgomery County, (the District) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated March 30, 2010. 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 expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated March 30, 2010.

We intend this report solely for the information and use of management and the Board Members. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 30, 2010



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Auditor of State

CLAY TOWNSHIP – CITY OF CLAYTON 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
MAY 6, 2010**