



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statements of the governmental activities and the major fund of the Miami Township - City of Dayton Joint Economic Development District, Montgomery County, (the District), as of and for the years ended December 31, 2009 and 2008 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 opinions 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 governmental activities and the major fund of the Miami Township -City of Dayton Joint Economic Development District, Montgomery County, as of December 31, 2009 and 2008, and the respective changes in cash financial position and the budgetary comparison for the General Fund for the years then ended in conformity with the basis of accounting Note 2 describes.

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

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

April 30, 2010

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

This discussion and analysis of the Miami Township – City of Dayton Joint Economic Development District’s financial performance provides an overall review of the District’s financial activities for the year ended December 31, 2009, within the limitations of the District’s cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Districts’ financial performance.

Highlights

Key highlights for 2009 are as follows:

- During the year the net assets increased by \$54,758 or 21% due to an increase in income tax collections.
- Revenues consisted of income tax revenues of \$207,369 and interest income of \$414.
- The District had \$153,025 in expenses; \$145,732 of which was disbursed to Miami Township and the City of Dayton pursuant to the revenue sharing agreement. General receipts of \$207,783 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 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 cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
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 2009, 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. The District has no program receipts. One hundred percent of the activities are supported by 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 non-financial factors as well such as the condition of 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 2009 compared to 2008 on a cash basis:

	2009	2008
Assets:		
Cash	\$311,198	\$256,440
Total Assets	311,198	256,440
Net Assets:		
Restricted for:		
Long-term Maintenance	3,636	2,424
Unrestricted	307,563	254,016
Total Net Assets	\$311,198	\$256,440

Net assets increased by \$54,758 or 21% during 2009. The reason for this is income tax collections exceeded expenses. At year-end, capital assets were comprised of school crossing signs and flashing lights which are not reported in the financial statements under the cash basis of accounting.

Table 2 reflects the changes in net assets 2009 and 2008 on a cash basis.

	2009	2008
Program Disbursements:		
Economic Development	\$ 7,293	\$ 20,023
Intergovernmental	145,732	126,051
Total General Disbursements	153,025	146,074

(Continued)

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

**Table 2
(Continued)**

	2009	2008
General Receipts:		
Income Tax	207,369	194,221
Interest	414	88
Total General Revenues	<u>207,783</u>	<u>194,309</u>
Increase in Cash	54,758	48,235
Cash Balance, January 1,	256,440	208,205
Cash Balance, December 31,	<u>\$311,198</u>	<u>\$256,440</u>

Disbursements for the District represent the overhead costs of running the District. Economic development disbursements are comprised of insurance, legal fees, office supplies, and other administrative costs. As noted before, \$145,732 was disbursed to Miami Township and the City of Dayton pursuant to the revenue sharing agreement.

Budgeting

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

The original 2009 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 \$157,710 while actual disbursements were \$153,025.

Current Issues

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

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors 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, Miamisburg, Ohio 45342.

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

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2009

	<u>Governmental Activities</u>
Assets:	
Cash	\$311,198
Total Assets	<u>311,198</u>
Net Assets:	
Restricted for:	
Long Term Maintenance	3,636
Unrestricted	<u>307,562</u>
Total Net Assets	<u>\$311,198</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Activities
Program Disbursements:	
Economic Development	\$7,293
Intergovernmental	145,732
Total Program Disbursements	<u>153,025</u>
General Receipts:	
Income Tax	207,369
Interest	414
Total General Revenues	<u>207,783</u>
Increase in Cash	54,758
Cash Balance Beginning of Year	<u>256,440</u>
Cash Balance End of Year	<u><u>\$311,198</u></u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Income Taxes	\$184,000	\$207,369	\$207,369	
Interest	120	402	414	\$12
Total receipts	<u>184,120</u>	<u>207,771</u>	<u>207,783</u>	<u>12</u>
Disbursements:				
Current:				
Economic Development	7,768	9,978	6,109	3,869
Intergovernmental	145,732	145,732	145,732	
Capital Outlay	20,000	2,000	1,184	816
Total Disbursements	<u>173,500</u>	<u>157,710</u>	<u>153,025</u>	<u>4,685</u>
Net Change in Fund Balance	10,620	50,061	54,758	4,697
Fund Balance Beginning of Year	<u>256,440</u>	<u>256,440</u>	<u>256,440</u>	
Fund Balance End of Year	<u>\$267,060</u>	<u>\$306,501</u>	<u>\$311,198</u>	<u>\$4,697</u>

See accompanying notes to the basic financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

1. REPORTING ENTITY

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

1. Government-Wide Financial Statements

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

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

C. Basis of Accounting

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

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

D. Cash

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

E. Budgetary Process

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

F. Capital Assets

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

G. Restricted Net Assets

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

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 – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

4. DEPOSITS

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District treasury. Active monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Directors have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

4. DEPOSITS (Continued)

At year end, 2009 the District had \$200 in un-deposited cash on hand which is included as part of “Cash” on the financial statements.

A. Deposits with Financial Institutions

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, \$60,998 of the District’s bank balance of \$310,998 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.

Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

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 then deposits being secured.

5. INSURANCE

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

6. SIGNIFICANT CONTRACTUAL COMMITMENTS

As of December 31, 2009 the District had contractual commitments concerning the distribution of income tax monies as follows:

City of Dayton	\$77,919
Miami Township	\$77,919

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED**

This discussion and analysis of the Miami Township – City of Dayton Joint Economic Development District’s financial performance provides an overall review of the District’s financial activities for the year ended December 31, 2008, within the limitations of the District’s cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District’s financial performance.

Highlights

Key highlights for 2008 are as follows:

- During the year the net assets increased by \$48,235 or 23% due to an increase in income tax collections.
- Revenues consisted of income tax revenues of \$194,221 and interest income of \$88.
- The District had \$146,074 in expenses; \$126,051 of which was disbursed to Miami Township and the City of Dayton pursuant to the revenue sharing agreement. General receipts of \$194,309 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.

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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 cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
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 2008, 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. The District has no program receipts. One hundred percent of the activities are supported by 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 non-financial factors as well such as the condition of 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 2008 compared to 2007 on a cash basis:

	2008	2007
Assets:		
Cash	\$256,440	\$201,399
Cash with Fiscal Agents		6,806
Total Assets	256,440	208,205
Net Assets:		
Restricted for:		
Long Term Maintenance	2,424	1,473
Unrestricted	254,016	206,732
Total Net Assets	\$256,440	\$208,205

Net assets increased by \$48,235 or 23% during 2008. The reason for this is income tax collections exceeded expenses. At year-end, capital assets were comprised of school crossing signs and flashing lights which are not reporting in the financial statements under the cash basis of accounting.

Tables 2 reflect the changes in net assets 2008 and 2007 on a cash basis.

	2008	2007
Program Disbursements:		
Economic Development	\$ 20,023	\$ 96,376
Intergovernmental	126,051	
Capital Outlay		11,140
Total Program Disbursements	146,074	107,516

(Continued)

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

**Table 2
(Continued)**

	<u>2008</u>	<u>2009</u>
General Receipts:		
Income Tax	194,221	171,167
Interest	88	317
Total General Receipts	<u>194,309</u>	<u>171,484</u>
Increase in cash	48,235	63,968
Cash Balance Beginning of Year	<u>208,205</u>	<u>144,237</u>
Cash Balance End of Year	<u>\$256,440</u>	<u>\$208,205</u>

Disbursements for the District represent the overhead costs of running the District. Economic development disbursements are comprised of insurance, legal fees, office supplies, and other administrative costs. As noted before, \$126,051 was disbursed to Miami Township and the City of Dayton pursuant to the revenue sharing agreement.

Budgeting

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

The original 2008 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 \$146,637 while actual disbursements were \$146,074.

Current Issues

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

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors 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, Miamisburg, Ohio 45342.

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

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2008**

	<u>Governmental Activities</u>
Assets:	
Cash	\$256,440
Total Assets	<u>256,440</u>
Net Assets:	
Restricted for:	
Long Term Maintenance	2,424
Unrestricted	254,016
Total Net Assets	<u>\$256,440</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Activities
Program Disbursements:	
Economic Development	\$20,023
Intergovernmental	126,051
Total Program Disbursements	<u>146,074</u>
General Receipts:	
Income Tax	194,221
Interest	88
Total General Revenues	<u>194,309</u>
Increase in Cash	48,235
Cash Balance Beginning of Year	<u>208,205</u>
Cash Balance End of Year	<u><u>\$256,440</u></u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Income Taxes	\$168,100	\$194,221	\$194,221	
Interest	300	77	88	\$11
Total receipts	<u>168,400</u>	<u>194,298</u>	<u>194,309</u>	<u>11</u>
Disbursements:				
Current:				
Economic Development	29,032	20,586	20,023	563
Intergovernmental	126,051	126,051	126,051	
Capital Outlay	20,000			
Total Disbursements	<u>175,083</u>	<u>146,637</u>	<u>146,074</u>	<u>563</u>
Net Change in Fund Balance	(6,683)	47,661	48,235	574
Fund Balance Beginning of Year	<u>208,205</u>	<u>208,205</u>	<u>208,205</u>	
Fund Balance End of Year	<u><u>\$201,522</u></u>	<u><u>\$255,866</u></u>	<u><u>\$256,440</u></u>	<u><u>\$574</u></u>

See accompanying notes to the basic financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. REPORTING ENTITY

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

1. Government-Wide Financial Statements

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

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

C. Basis of Accounting

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

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

D. Cash

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

E. Budgetary Process

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

F. Capital Assets

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

G. Restricted Net Assets

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

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 – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

4. DEPOSITS

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District treasury. Active monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Directors have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

4. DEPOSITS

At year end, 2008 the District had \$200 in un-deposited cash on hand which is included as part of “Cash” on the financial statements.

A. Deposits with Financial Institutions

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, \$6,240 of the District’s bank balance of \$256,240 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.

Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

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 then deposits being secured.

5. INSURANCE

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

6. SIGNIFICANT CONTRACTUAL COMMITMENTS

As of December 31, 2008 the District had contractual commitments concerning the distribution of income tax monies as follows:

City of Dayton	\$72,866
Miami Township	\$72,866



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*

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

To the Board of Directors:

We have audited the financial statements of the governmental activities and the major fund of the Miami Township - City of Dayton 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 April 30, 2010, wherein we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

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*.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402

Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688

www.auditor.state.oh.us

Miami Township - City of Dayton Joint Economic Development District
Montgomery County
Independent Accountants' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By Government Auditing Standards
Page 2

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

April 30, 2010

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Material Weakness

Recording of Disbursements

The contract between the City of Dayton and Miami Township requires that seventy-five percent of the income tax receipts and other receipts not restricted be distributed annually in equal sums 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.

In 2009 and 2008, the District distributed income tax receipts in equal sums to the City of Dayton and Miami Township. The District reported these distributions as economic development disbursements rather than as intergovernmental disbursements resulting in a misclassification of disbursements in the amounts of \$145,732 and \$126,051, for 2009 and 2008 respectively. These misclassifications amounted to 95% and 86% of total expenditures for the years ended 2009 and 2008 respectively. The accompanying financial statements have been adjusted to correct these misclassifications.

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 and other receipts not restricted are properly reported as intergovernmental disbursements.

Officials' Response:

We did not receive a response from District Officials.



Mary Taylor, CPA
Auditor of State

MIAMI TOWNSHIP CITY OF DAYTON 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
JUNE 1, 2010**