



OHIO AUDITOR OF STATE
KEITH FABER



**BUTLER TOWNSHIP – CITY OF VANDALIA JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Butler Township - City of Vandalia Joint Economic Development District
Montgomery County
3510 Sudachi Drive
Dayton, Ohio 45414

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the Butler Township - City of Vandalia Joint Economic Development District, Montgomery County, Ohio (the District) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2018 and 2017, and the respective 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, receipts and disbursements, and related notes of the Butler Township - City of Vandalia Joint Economic Development District, Montgomery County as of December 31, 2018 and 2017, 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 September 18, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 18, 2019

**BUTLER TOWNSHIP - CITY OF VANDALIA JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH
BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Cash Receipts	
Gross Income Tax Receipts	\$ 172,561
Savings Account Interest	1,000
Total Cash Receipts	<u>173,561</u>
Cash Disbursements	
Insurance	2,570
Income Tax Refunds	885
Income Tax Disbursements, City of Vandalia	25,623
Income Tax Disbursements, Butler Township	125,917
Total Cash Disbursements	<u>154,995</u>
Net Change in Fund Cash Balance	18,566
Fund Cash Balance, January 1	<u>136,548</u>
Fund Cash Balance, December 31:	
Restricted for JEDD Maintenance	4,655
Unassigned	150,459
Fund Cash Balance, December 31	<u><u>\$ 155,114</u></u>

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**BUTLER TOWNSHIP – CITY OF VANDALIA JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. REPORTING ENTITY

The Butler Township-City of Vandalia Joint Economic Development District, Montgomery County, Ohio, (the District) is a joint economic development district established in Ohio on August 9, 2010 under Ohio Rev. Code sections 715.72 to 715.83 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District operates under an appointed five member Board of Directors. By law, the Board is comprised of one member representing the City, appointed by 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 City Council with concurrence by the Township Trustees; one member representing the persons employed in the District, appointed by the Township Trustees with concurrence by the City Council; and one member selected by the other Board members.

The reporting entity is comprised of the primary government which is involved in economic development opportunities in the area. Future opportunities involve utilities and infrastructure improvements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The District's financial statements consist of a statement of cash receipts, cash disbursements, and changes in fund cash balances for the District's governmental fund type. These financial statements follow 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). This basis 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved). These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

B. Cash

The District's cash balance consists of a no fee, interest bearing checking account.

C. Accounting and Fund Balance

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

1. Nonspendable

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

**BUTLER TOWNSHIP – CITY OF VANDALIA JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

D. Budgetary Process

The District's by-laws require that the General Fund be budgeted annually.

1. Budgeted Receipts

Prior to December 1st each year, the Board is required to adopt an annual budget for the following year, based upon an estimate of the total revenues for the next year.

2. Appropriations

Prior to December 1st of each year, the Board is required to approve annual appropriations of the District for the next year.

A summary of 2018 budgetary activity appears in Note 4

**BUTLER TOWNSHIP – CITY OF VANDALIA JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

3. DEPOSITS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

Demand Deposits: \$155,114

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

4. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2018 follows:

	Budgeted	Actual	Variance
Revenue	\$150,250	\$173,561	\$23,311
Expenditures	\$152,388	\$154,995	(\$2,607)

5. INCOME TAX

The Board of Trustees adopted a resolution to levy an income tax at a rate of 2% for the term of the contract unless a lower rate is negotiated. The contract is automatically renewed on December 31, 2109, unless either party decides to terminate the contract with notice, one year prior to December 31, 2109.

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for comprehensive property and general liability and public official's errors and omissions. There has been no significant reductions in coverage from prior years.

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**BUTLER TOWNSHIP - CITY OF VANDALIA JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH
BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Cash Receipts		
Gross Income Tax Receipts	\$	153,482
Savings Account Interest		294
Total Cash Receipts		153,776
Cash Disbursements		
Insurance		2,535
Financial Audit		1,640
Income Tax Disbursements, City of Vandalia		22,907
Income Tax Disbursements, Butler Township		111,207
Total Cash Disbursements		138,289
Net Change in Fund Cash Balance		15,487
Fund Cash Balance, January 1		121,061
Fund Cash Balance, December 31:		
Restricted for JEDD Maintenance		3,797
Unassigned		132,751
Fund Cash Balance, December 31	\$	136,548

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**BUTLER TOWNSHIP – CITY OF VANDALIA JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. REPORTING ENTITY

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1. Nonspendable

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**BUTLER TOWNSHIP – CITY OF VANDALIA JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)**

2. Restricted

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

3. Committed

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4. Assigned

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5. Unassigned

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

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

D. Budgetary Process

The District's by-laws require that the General Fund be budgeted annually.

1. Budgeted Receipts

Prior to December 1st each year, the Board is required to adopt an annual budget for the following year, based upon an estimate of the total revenues for the next year.

2. Appropriations

Prior to December 1st of each year, the Board is required to approve annual appropriations of the District for the next year.

A summary of 2017 budgetary activity appears in Note 4

**BUTLER TOWNSHIP – CITY OF VANDALIA JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)**

3. DEPOSITS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

Demand Deposits: \$136,548

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

4. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2017 follows:

	Budgeted	Actual	Variance
Revenue	\$273,185	\$153,776	(\$119,409)
Expenditures	\$142,640	\$138,289	\$4,351

5. INCOME TAX

The Board of Trustees adopted a resolution to levy an income tax at a rate of 2% for the term of the contract unless a lower rate is negotiated. The contract is automatically renewed on December 31, 2109, unless either party decides to terminate the contract with notice, one year prior to December 31, 2109.

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for comprehensive property and general liability and public official's errors and omissions. There has been no significant reductions in coverage from prior years.

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

Butler Township - City of Vandalia Joint Economic Development District
Montgomery County
3510 Sudachi Drive
Dayton, Ohio 45414

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 cash balances, receipts, and disbursements of the Butler Township - City of Vandalia Joint Economic Development District, Montgomery County, (the District) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated September 18, 2019 wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

September 18, 2019

OHIO AUDITOR OF STATE KEITH FABER



**BUTLER TOWNSHIP – CITY OF VANDALIA 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
OCTOBER 10, 2019**