



OHIO AUDITOR OF STATE
KEITH FABER



**BUTLER TOWNSHIP – MILLER LANE JOINT ECONOMIC DEVELOPMENT ZONE
MONTGOMERY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report	1
Prepared by Management:	
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – For the Year Ended December 31, 2018.....	3
Notes to the Financial Statements – December 31, 2018	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – For the Year Ended December 31, 2017.....	9
Notes to the Financial Statements – December 31, 2017	11
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Butler Township – Miller Lane Joint Economic Development Zone
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 – Miller Lane Joint Economic Development Zone, 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 – Miller Lane Joint Economic Development Zone, 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 November 4, 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

November 4, 2019

**BUTLER TOWNSHIP - MILLER LANE JOINT ECONOMIC DEVELOPMENT ZONE
MONTGOMERY COUNTY**

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

Cash Receipts	
Gross Income Tax Receipts	\$ 600,138
Savings Account Interest	2,634
Total Cash Receipts	602,772
 Cash Disbursements	
Income Tax Disbursements, City of Vandalia	88,645
Income Tax Refunds	3,173
Income Tax Disbursements, Butler Township	482,385
Excess Maintenance Reserve Disbursement, City of Vandalia	2,034
Insurance	1,515
State Administrative Fees / Interest	10
Total Cash Disbursements	577,762
Net Change in Fund Cash Balance	25,010
Fund Cash Balance, January 1	488,851
 Fund Cash Balance, December 31:	
Restricted for JEDZ Maintenance	5,991
Unassigned	507,870
Fund Cash Balance, December 31	\$ 513,861

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**BUTLER TOWNSHIP – MILLER LANE JOINT ECONOMIC DEVELOPMENT ZONE
MONTGOMERY COUNTY**

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

1. REPORTING ENTITY

The Butler Township-Miller Lane Joint Economic Development Zone, Montgomery County, Ohio, (the District) is a joint economic development zone approved by the majority of the electors in Butler Township on August 6, 2013 under Ohio Rev. Code section 715.691 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 six member Board of Directors. Three representatives appointed by the Board of Trustees of Butler Township and three representatives appointed by ordinance of the City Council of Vandalia.

The reporting entity is comprised of the primary government which is involved in economic development opportunities in the area. Development goals and objectives include the following:

1. Provide for safe, adequate and efficient vehicular and pedestrian traffic patterns in the district;
2. Stabilize the township tax base through the encouragement of commercial investment;
3. Promote development opportunities; and
4. Encourage development that will retain and create jobs in Butler Township.

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 balance 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 – MILLER LANE JOINT ECONOMIC DEVELOPMENT ZONE
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 contracts require that the General Fund be budgeted annually.

A summary of 2018 budgetary activity appears in Note 4

3. DEPOSITS

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

Demand Deposits: \$513,861

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**BUTLER TOWNSHIP – MILLER LANE JOINT ECONOMIC DEVELOPMENT ZONE
MONTGOMERY COUNTY**

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

4. BUDGETARY ACTIVITY

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

	Budgeted	Actual	Variance
Revenue	\$601,400	\$602,772	\$1,372
Expenditures	\$683,352	\$577,762	\$105,590

5. INCOME TAX

The Board of Directors adopted a resolution to levy an income tax at a rate of 1% for the term of the contract unless a lower rate is negotiated. The contract was approved May 6, 2013 for an initial period of fifty years and then should automatically extend, for successive ten year renewal terms unless a party acts to prevent renewal.

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 - MILLER LANE JOINT ECONOMIC DEVELOPMENT ZONE
MONTGOMERY COUNTY**

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

Cash Receipts	
Gross Income Tax Receipts	\$ 590,425
Savings Account Interest	1,281
Total Cash Receipts	591,706
 Cash Disbursements	
Income Tax Disbursements, City of Vandalia	86,875
Income Tax Refunds	5,351
Income Tax Disbursements, Butler Township	584,752
Insurance	1,473
Total Cash Disbursements	678,451
Net Change in Fund Cash Balance	(86,745)
Fund Cash Balance, January 1	575,596
 Fund Cash Balance, December 31:	
Restricted for JEDZ Maintenance	5,904
Unassigned	482,947
Fund Cash Balance, December 31	\$ 488,851

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**BUTLER TOWNSHIP – MILLER LANE JOINT ECONOMIC DEVELOPMENT ZONE
MONTGOMERY COUNTY**

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

1. REPORTING ENTITY

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The reporting entity is comprised of the primary government which is involved in economic development opportunities in the area. Development goals and objectives include the following:

1. Provide for safe, adequate and efficient vehicular and pedestrian traffic patterns in the district;
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**BUTLER TOWNSHIP – MILLER LANE JOINT ECONOMIC DEVELOPMENT ZONE
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

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.

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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 contracts require that the General Fund be budgeted annually.

A summary of 2017 budgetary activity appears in Note 4

3. DEPOSITS

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

Demand Deposits: \$488,851

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**BUTLER TOWNSHIP – MILLER LANE JOINT ECONOMIC DEVELOPMENT ZONE
MONTGOMERY COUNTY**

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

4. BUDGETARY ACTIVITY

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

	Budgeted	Actual	Variance
Revenue	\$752,800	\$591,706	(\$161,904)
Expenditures	\$718,585	\$678,451	\$40,134

5. INCOME TAX

The Board of Directors adopted a resolution to levy an income tax at a rate of 1% for the term of the contract unless a lower rate is negotiated. The contract was approved May 6, 2013 for an initial period of fifty years and then should automatically extend, for successive ten year renewal terms unless a party acts to prevent renewal.

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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OHIO AUDITOR OF STATE KEITH FABER



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130 West Second Street, Suite 2040
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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 – Miller Lane Joint Economic Development Zone
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 – Miller Lane Joint Economic Development Zone, 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 November 4, 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

November 4, 2019

OHIO AUDITOR OF STATE KEITH FABER



**BUTLER TOWNSHIP MILLER LANE BUSINESS DISTRICT JOINT ECONOMIC DEVELOPMENT
ZONE**

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
DECEMBER 3, 2019**