



OHIO AUDITOR OF STATE
KEITH FABER



**TURTLECREEK-MONROE RACEWAY
JOINT ECONOMIC DEVELOPMENT DISTRICT
WARREN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Governmental Fund Type Fiscal Year End December 31, 2018	3
Notes to the Financial Statements Fiscal Year End December 31, 2018	5
Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Governmental Fund Type Fiscal Year End December 31, 2017	9
Notes to the Financial Statements Fiscal Year End 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
Schedule of Findings.....	17

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Turtlecreek-Monroe Raceway
Joint Economic Development District
Warren County
233 South Main Street
Monroe, Ohio 45050

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Turtlecreek-Monroe Raceway Joint Economic Development District, Warren County, Ohio (the JEDD) 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 JEDD'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 JEDD'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 1B of the financial statements, the JEDD 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 JEDD 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 JEDD 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 by fund type, and related notes of the Turtlecreek-Monroe Raceway Joint Economic Development District, Warren 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 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019, on our consideration of the JEDD'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 JEDD's internal control over financial reporting and compliance.



Keith Faber —
Auditor of State

Columbus, Ohio

November 26, 2019

Turtlecreek-Monroe Raceway Joint Economic Development District
Warren County, Ohio
Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)
Governmental Fund Type
For the Year Ended December 31, 2018

	General Fund
Cash Receipts:	
Income Taxes	\$ 715,081
<i>Total Cash Receipts</i>	715,081
 Cash Disbursements:	
Turtlecreek Township	258,853
City of Monroe	346,863
Administration Fee	12,707
Interchange Maintenance	75,303
Revenue Sharing	258,853
Other Disbursements	13,626
<i>Total Cash Disbursements</i>	619,342
 <i>Excess of Receipts Over Disbursements</i>	95,739
 <i>Fund Cash Balances, January 1</i>	944,368
 Fund Cash Balances, December 31	
Committed	1,040,107

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**TURTLECREEK-MONROE RACEWAY JOINT ECONOMIC
DEVELOPMENT DISTRICT, WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Turtlecreek-Monroe Raceway Joint Economic Development District, Warren County, Ohio (the District) contract was entered into as of August 23, 2014 under the authority of Ohio Revised Code Chapter 715. The District was formed as a result of an agreement between the City of Monroe and the Township of Turtlecreek, Ohio in Warren County. The District is directed by a five member Board of Trustees; one (1) is to represent the City; one (1) is to represent Turtlecreek Township, one (1) of whom is to represent owners of businesses in the JEDD; one (1) of whom is to represent persons working in the JEDD; and one (1) of whom is to be selected by other Board Members to serve as Chairperson of the Board. The District's purpose is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, Warren County, Township and City.

B. Basis of Accounting

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 accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

C. Cash and Investments

As permitted by the Ohio Revised Code, the City's Treasurer holds the District's cash as custodian for the District. The District's assets are held in the City's cash and investment pool and are valued at the Treasurer's reported carrying amount.

The carrying amount of deposits at December 31 was \$1,040,107.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District has the following fund:

The General Fund reports all financial resources not accounted for and reported in another fund.

E. Fund Balance

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 nonspendable when legally or contractually required to maintain the amounts intact.

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

2. LOCAL INCOME TAX

The District levies an income tax of one and one half (1.5) percent on substantially all earned income arising from employment or business activities within the District. Employers within the District withhold income tax on employee compensation and remit the tax to the City, as required. The City then distributes the income tax monies to the District.

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Turtlecreek-Monroe Raceway Joint Economic Development District
Warren County, Ohio
Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)
Governmental Fund Type
For the Year Ended December 31, 2017

	General Fund
Cash Receipts:	
Income Taxes	\$ 815,246
<i>Total Cash Receipts</i>	815,246
 Cash Disbursements:	
Turtlecreek Township	201,640
City of Monroe	270,198
Administration Fee	9,899
Interchange Maintenance	58,659
Revenue Sharing	201,640
Other Disbursements	23,048
<i>Total Cash Disbursements</i>	494,886
 <i>Excess of Receipts Over Disbursements</i>	320,360
 <i>Fund Cash Balances, January 1</i>	624,008
 Fund Cash Balances, December 31	
Committed	944,368

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**TURTLECREEK-MONROE RACEWAY JOINT ECONOMIC
DEVELOPMENT DISTRICT, WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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A. Description of the Entity

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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

Turtlecreek-Monroe Raceway
Joint Economic Development District
Warren County
233 South Main Street
Monroe, Ohio 45050

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 by fund type of the Turtlecreek-Monroe Raceway Joint Economic Development District, Warren County, Ohio (the JEDD) 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 wherein we noted the JEDD 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 JEDD's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the JEDD'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 JEDD'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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2018-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the JEDD'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 JEDD's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the JEDD's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

November 26, 2019

**TURTLECREEK-MONROE RACEWAY
JOINT ECONOMIC DEVELOPMENT DISTRICT
WARREN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND DECEMBER 31, 2017**

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

FINDING NUMBER 2018-001

Significant Deficiency

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Turtlecreek-Monroe Raceway Joint Economic Development District (JEDD) posted certain transactions to the accounting records, but did not properly report the transactions on the financial statements:

- The JEDD included \$19,797 in JEDD Board Disbursements that should not have been included, and did not include \$6,536 in Income Tax Receipts and \$23,048 in Other Disbursements in the 2017 financial statements, resulting in an understatement of the December 31, 2017 General Fund balance of \$3,285.
- The JEDD included \$25,415 in JEDD Board Disbursements that should not have been included, and did not include \$13,626 in Other Disbursements in the 2018 financial statements, resulting in an understatement of the December 31, 2018 General Fund balance of \$11,789.

The financial statements have been adjusted for these errors.

The JEDD did not have procedures in place to ensure the accuracy of financial reporting. Failure to prepare accurate financial statements increases the risk that errors, theft and fraud could occur and not be detected in a timely manner.

Due care should be exercised when preparing the financial statements to prevent errors and to assist in properly reflecting the JEDD's financial activity.

Officials' Response:

We did not receive a response from Officials to this finding.

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OHIO AUDITOR OF STATE KEITH FABER



TURTLECREEK-MONROE RACEWAY JOINT ECONOMIC DEVELOPMENT DISTRICT

WARREN 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 26, 2019**