



Dave Yost • Auditor of State

**MONCLOVA TOWNSHIP – VILLAGE OF WHITEHOUSE JOINT ECONOMIC
DEVELOPMENT DISTRICT
LUCAS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Monclova Township-Village of Whitehouse
Joint Economic Development District
Lucas County
6925 Providence Street
Whitehouse, OH 45871

To the Board of Directors:

Report on the Financial Statement

We have audited the accompanying financial statement of the cash balances, receipts, and disbursements, and related notes of Monclova Township-Village of Whitehouse Joint Economic Development District, Lucas County, Ohio (the JEDD) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting this financial statement 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 this financial statement 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 statement is 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 statement 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 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 opinion.

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

As described in Note 1 of the financial statement, the JEDD prepared this financial statement 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 statement 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 this statement 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 statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Monclova Township-Village of Whitehouse Joint Economic Development District, Lucas County, Ohio as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash balances of Monclova Township-Village of Whitehouse Joint Economic Development District, Lucas County, Ohio as of December 31, 2014 and 2013, and its cash receipts and disbursements 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2015 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

December 22, 2015

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MONCLOVA TOWNSHIP-VILLAGE OF WHITEHOUSE JOINT ECONOMIC DEVELOPMENT DISTRICT

LUCAS COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGE IN FUND BALANCE (CASH BASIS)
GOVERNMENTAL FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>General</u>	
Cash Receipts		
Local Taxes	<u>\$72,787</u>	<u>\$27,930</u>
Cash Disbursements		
Current:		
General Government	<u>64,770</u>	<u>25,971</u>
<i>Excess of Receipts Over Disbursements</i>	8,017	1,959
<i>Fund Cash Balance, January 1</i>	<u>5,947</u>	<u>3,988</u>
Fund Cash Balance, December 31		
Unassigned	<u>13,964</u>	<u>5,947</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$13,964</u></u>	<u><u>\$5,947</u></u>

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

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**MONCLOVA TOWNSHIP- VILLAGE OF WHITEHOUSE JOINT ECONOMIC
DEVELOPMENT DISTRICT
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2014 and 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Monclova Township- Village of Whitehouse Joint Economic Development District I, Lucas County, Ohio (the District) contract was entered into as of August 2009 under the authority of Ohio Revised Code Section 715.72 through 715.83. The District is comprised of Monclova Township and the Village of Whitehouse. The District operates under an appointed five member Board of Directors established in accordance with Ohio Revised Code Section 715.78(A). The purpose of the District is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the District. Economic development includes development for industry, commerce, distribution or research, as well as other development as determined by the contracting parties. Pursuant to Ohio Revised Code 715.74, the Board adopted a resolution to levy an income tax in the District at a rate of 1.5%.

B. Accounting Basis

This financial statement follows the accounting basis the Auditor of State prescribes or permits. 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.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Cash Equivalents

The Districts' cash and cash equivalents consist of a non-interest bearing checking account.

D. Fund Accounting

The District used 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:

**MONCLOVA TOWNSHIP- VILLAGE OF WHITEHOUSE JOINT ECONOMIC
DEVELOPMENT DISTRICT
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2014 and 2013
(Continued)**

1. Summary of Significant Accounting Policies- (Continued)

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 District 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, within 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.

**MONCLOVA TOWNSHIP- VILLAGE OF WHITEHOUSE JOINT ECONOMIC
DEVELOPMENT DISTRICT
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2014 and 2013
(Continued)**

2. Cash Deposits and Investments

The District maintains a non-interest bearing checking account for the General Fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Demand deposits	\$13,964	\$5,947

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

3. Local Income Tax

The District levies a municipal income tax of 1.5% on substantially all earned income arising from employment or business activities within the District.

The District withholds income tax on employee compensation and remits the tax to the District via the Village of Whitehouse. Per the contract, 10% of the gross tax collections are set aside for the purpose of future street capital projects. Additionally, 1% is earmarked for administrative tax refunds. The remaining net tax receipts are then distributed as follows: 75% to Monclova Township and 25% to the Village of Whitehouse.

4. Risk Management

The District has obtained errors and omissions (E&O) insurance for JEDD Board.

5. Compliance

Contrary to the requirements of the Ohio Revised Code the JEDD did not file its annual financial report with the Auditor of State for either 2014 or 2013.

6. Related Party Transactions

None

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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*

Monclova Township-Village of Whitehouse
Joint Economic Development District
Lucas County
6925 Providence Street
Whitehouse, Ohio 45871

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 statement of the cash balances, receipts, and disbursements of Monclova Township-Village of Whitehouse Joint Economic Development District, Lucas County, Ohio (the JEDD) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statement and have issued our report thereon dated December 22, 2015 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 statement, 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 statement. *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 JEDD's financial statement is 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

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 communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

December 22, 2015

**MONCLOVA TOWNSHIP-VILLAGE OF WHITEHOUSE JOINT ECONOMIC
DEVELOPMENT DISTRICT
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Noncompliance Citation

Ohio Rev. Code §117.38 provides that entities filing on a cash-basis must file annual reports with the Auditor of State within 60 days of the fiscal year-end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Any public office not filing the report by the required date shall pay a penalty of \$25 for each day the report remains unfiled, not to exceed \$750. The AOS may waive these penalties, upon the filing of the past due financial report. The JEDD did not file its annual financial reports as required to the Auditor of State for the years ended December 31, 2014 and 2013. JEDD officials indicated they were not aware the filing requirement applied to JEDD's. This resulted in the JEDD being declared unauditible by the Auditor of State.

We recommend the JEDD establish procedures to ensure their annual cash basis report to the Auditor of State is filed within 60 days of fiscal year end.

Officials' Response:

The Officials stated that they have taken responsive action in correcting this finding.

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Dave Yost • Auditor of State

MONCLOVA TOWNSHIP-VILLAGE OF WHITEHOUSE JEDD

LUCAS 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
FEBRUARY 9, 2016**