



OHIO AUDITOR OF STATE
KEITH FABER



HAMILTON-INDIAN SPRINGS JOINT ECONOMIC DEVELOPMENT DISTRICT
BUTLER COUNTY

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INDEPENDENT AUDITOR'S REPORT

Hamilton-Indian Springs Joint Economic Development District
Butler County
6032 Morris Road
Hamilton, Ohio 45011

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Hamilton-Indian Springs Joint Economic Development District, Butler County, Ohio (the District), which comprises the cash balances, receipts and disbursements for the governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 1B.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1B of the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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
February 14, 2024

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**HAMILTON-INDIAN SPRINGS JOINT ECONOMIC DEVELOPMENT DISTRICT
 JOINT ECONOMIC DEVELOPMENT DISTRICT
 BUTLER COUNTY, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN FUND BALANCES (CASH BASIS)
 GOVERNMENTAL FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 2022**

	General Fund
<u>Cash Receipts</u>	
Income Taxes	\$ 1,323,855
Total Cash Receipts	1,323,855
<u>Cash Disbursements</u>	
Professional Services	39,088
Fairfield Township Disbursement	564,287
City of Hamilton Disbursement	750,920
Total Cash Disbursements	1,354,295
Excess of Receipts Over (Under) Disbursements	(30,440)
Fund Cash Balances, January 1	75,207
<u>Fund Cash Balances, December 31</u>	
Committed	44,767
Fund Cash Balances, December 31	\$ 44,767

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

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**HAMILTON-INDIAN SPRINGS JOINT ECONOMIC DEVELOPMENT DISTRICT
JOINT ECONOMIC DEVELOPMENT DISTRICT
BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **Description of the Entity**

The Hamilton-Indian Springs Joint Economic Development District, Butler County, Ohio (the District) contract was entered into as of August 7, 1996 under the authority of Ohio Revised Code Sections 715.72 through 715.83. The District is comprised of Fairfield Township and the City of Hamilton. The District operates under an appointed five-member Board of Trustees established in accordance with Ohio Revised Code Section 715.78(A). The District was formed to advance, encourage, and promote the industrial, economic, commercial, and civic development of the area. Pursuant to Ohio Revised Code Section 715.74, the Board adopted a resolution to levy an income tax in the District at a rate of 2 percent, effective January 1, 1998.

The original JEDD agreement encompassed over 200 acres of land west of By-Pass 4 between Princeton and Hamilton-Mason Road. An amendment to the JEDD effective August 1, 2004 added over 100 acres of land developed as Bridgewater Falls. A second amendment to the JEDD effective April 7, 2017 added approximately 184 acres.

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

B. **Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code 117.38 and Ohio Administrative Code Section 117-2-03(C). 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

C. **Cash and Cash Equivalents**

The District designated the Finance Director of the City of Hamilton as the fiscal agent for all funds received in the name of the District. Deposits are made with the City of Hamilton and fund expenditures and balances are reported through the City. Deposits and investments are made in accordance with the Ohio Revised Code and the City's investment policy.

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:

General Fund

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

HAMILTON-INDIAN SPRINGS JOINT ECONOMIC DEVELOPMENT DISTRICT
JOINT ECONOMIC DEVELOPMENT DISTRICT
BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022
(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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. **Non-spendable**

The District classifies assets as *non-spendable* 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 District's 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.

**HAMILTON-INDIAN SPRINGS JOINT ECONOMIC DEVELOPMENT DISTRICT
JOINT ECONOMIC DEVELOPMENT DISTRICT
BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022
(CONTINUED)**

NOTE 2: **CASH DEPOSITS AND INVESTMENTS**

The City of Hamilton Finance Director, as fiscal agent for the District, maintains a cash and investments pool used by all City of Hamilton funds, including those of the District. The Ohio Revised Code and the City of Hamilton Charter prescribes allowable deposits and investments and the City of Hamilton is responsible for compliance. The carrying amount of deposits and investments at December 31 was \$44,767.

NOTE 3: **LOCAL INCOME TAX**

The District levies a municipal income tax of 2 percent on substantially all earned income arising from employment of business activities within the District.

Employers within the District withhold income tax on employee compensation and remit the tax to the District via the City of Hamilton. Collections for the land covered under the original JEDD agreement are distributed as follows: the City of Hamilton is allocated 1 percent of gross taxes for administrative expenses and the remainder of taxes are distributed, with 75 percent distributed to the City of Hamilton and the remaining 25 percent to Fairfield Township. Collections for the land added by amendment to the JEDD agreement effective on August 1, 2004 are distributed as follows: the City of Hamilton is allocated 1 percent of gross taxes for administrative expenses and the remainder of taxes are distributed, with 25 percent distributed to the City of Hamilton and the remaining 75 percent to Fairfield Township. Collections for the land added by amendment to the JEDD agreement effective on April 7, 2017 are distributed 50 percent to the City of Hamilton and 50 percent to Fairfield Township.

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**HAMILTON-INDIAN SPRINGS JOINT ECONOMIC DEVELOPMENT DISTRICT
 JOINT ECONOMIC DEVELOPMENT DISTRICT
 BUTLER COUNTY, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN FUND BALANCES (CASH BASIS)
 GOVERNMENTAL FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 2021**

	General Fund
<u>Cash Receipts</u>	
Income Taxes	\$ 1,246,216
Total Cash Receipts	1,246,216
<u>Cash Disbursements</u>	
Professional Services	25,562
Fairfield Township Disbursement	513,099
City of Hamilton Disbursement	631,749
Total Cash Disbursements	1,170,410
Excess of Receipts Over (Under) Disbursements	75,806
Fund Cash Balances, January 1	(599)
<u>Fund Cash Balances, December 31</u>	
Committed	75,207
Fund Cash Balances, December 31	\$ 75,207

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

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**HAMILTON-INDIAN SPRINGS JOINT ECONOMIC DEVELOPMENT DISTRICT
JOINT ECONOMIC DEVELOPMENT DISTRICT
BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **Description of the Entity**

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

B. **Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code 117.38 and Ohio Administrative Code Section 117-2-03(C). 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.

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**HAMILTON-INDIAN SPRINGS JOINT ECONOMIC DEVELOPMENT DISTRICT
JOINT ECONOMIC DEVELOPMENT DISTRICT
BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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:

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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 District's 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.

**HAMILTON-INDIAN SPRINGS JOINT ECONOMIC DEVELOPMENT DISTRICT
JOINT ECONOMIC DEVELOPMENT DISTRICT
BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 2: **CASH DEPOSITS AND INVESTMENTS**

The City of Hamilton Finance Director, as fiscal agent for the District, maintains a cash and investments pool used by all City of Hamilton funds, including those of the District. The Ohio Revised Code and the City of Hamilton Charter prescribes allowable deposits and investments and the City of Hamilton is responsible for compliance. The carrying amount of deposits and investments at December 31 was \$75,207.

NOTE 3: **LOCAL INCOME TAX**

The District levies a municipal income tax of 2 percent on substantially all earned income arising from employment of business activities within the District.

Employers within the District withhold income tax on employee compensation and remit the tax to the District via the City of Hamilton. Collections for the land covered under the original JEDD agreement are distributed as follows: the City of Hamilton is allocated 1 percent of gross taxes for administrative expenses and the remainder of taxes are distributed, with 75 percent distributed to the City of Hamilton and the remaining 25 percent to Fairfield Township. Collections for the land added by amendment to the JEDD agreement effective on August 1, 2004 are distributed as follows: the City of Hamilton is allocated 1 percent of gross taxes for administrative expenses and the remainder of taxes are distributed, with 25 percent distributed to the City of Hamilton and the remaining 75 percent to Fairfield Township. Collections for the land added by amendment to the JEDD agreement effective on April 7, 2017 are distributed 50 percent to the City of Hamilton and 50 percent to Fairfield Township.

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OHIO AUDITOR OF STATE KEITH FABER



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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

Hamilton-Indian Springs Joint Economic Development District
Butler County
6032 Morris Road
Hamilton, Ohio 45011

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for the governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements of the Hamilton-Indian Springs Joint Economic Development District, Butler County, (the District) and have issued our report thereon dated February 14, 2024, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
February 14, 2024

HAMILTON-INDIAN SPRINGS JOINT ECONOMIC DEVELOPMENT DISTRICT
BUTLER COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-001

Significant Deficiency – Fraud Risk Assessment

Auditing standards from the American Institute of Public Accountants (AICPA) outlined in AU-C 240, *Consideration of Fraud in a Financial Statement Audit*, discuss the responsibility for the prevention and detection of fraud, which lies with the District's management and those charged with governance. AU-C 240.04 further indicates, "It is important that management, with the oversight of those charged with governance, places a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behavior, which can be reinforced by active oversight by those charged with governance." Additionally, as communicated in the engagement letter, management and those charged with governance are not only responsible to design and implement programs and controls to prevent and detect fraud, but also to report to us fraud of which they are aware.

Due to an insufficient Fraud Risk Assessment Questionnaire response from one Board member, and the lack of related assurances, an additional fraud risk exists at the District. We identified the fraud risk of a lack of communication, implementation, support, or enforcement of the District's values or ethical standards by management. Failure by officials to be knowledgeable regarding fraud risks and the system of internal control reduces the effectiveness of the control environment.

In order to mitigate the fraud risk identified above, the District officials should draft, approve, implement, and monitor internal control policies which:

- Clearly communicate the District's values and ethical standards, as well as any related disciplinary actions;
- Provide an understanding of the District's programs, policies or controls so officials may actively engage in the District's fraud risk assessment process.
- Encourage training attendance on governmental fraud risks and on internal control operations that help mitigate fraud risks.

Officials' Response:

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

OHIO AUDITOR OF STATE KEITH FABER



HAMILTON - INDIAN SPRINGS JOINT ECONOMIC DEVELOPMENT DISTRICT

BUTLER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 3/5/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov