



OHIO AUDITOR OF STATE  
**KEITH FABER**





**LIBERTY TOWNSHIP JOINT ECONOMIC DEVELOPMENT DISTRICT  
BUTLER COUNTY**

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**INDEPENDENT AUDITOR'S REPORT**

Liberty Township Joint Economic Development District  
Butler County  
7162 Liberty Centre Drive, Suite A  
Liberty Township, Ohio 45069

To the Board of Directors:

**Report on the Audit of the Financial Statements**

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Liberty Township 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 2A.

***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 2A 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 2A 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 March 18, 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  
March 18, 2024

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**Liberty Township Joint Economic Development District  
Butler County, Ohio**

Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)  
For the Year Ended December 31, 2022

Cash Receipts:	
Income Taxes	\$ 3,367,376
Total Cash Receipts	<u>3,367,376</u>
Cash Disbursements:	
Income Tax Disbursements, Liberty Township	2,611,803
Income Tax Disbursements, City of Mason	472,013
Income Tax Disbursements, City of Middletown	61,662
Service Fee	168,369
Professional Fees	-
Income Tax Refunds Paid	57,888
Total Cash Disbursements	<u>3,371,735</u>
Net Change in Fund Cash Balances	(4,359)
Fund Cash Balances, January 1	<u>215,105</u>
Fund Cash Balances, December 31	<u><u>\$ 210,746</u></u>

See accompanying notes to the financial statements.

**Liberty Township Joint Economic Development District  
Butler County, Ohio**

**Notes to the Financial Statement  
For the Year Ended December 31, 2022**

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**Note 1 – Description of the Entity**

The Liberty Township Joint Economic Development District (the “JEDD”) is a political and corporate body for the purpose of facilitating economic development to create jobs and employment opportunities and to improve the economic welfare of the people in the area of the contracting parties. The contracting parties share a common interest in facilitating economic development along the corridor of Interstate 75, Cincinnati Dayton Road and S.R. 129 which are critical transportation links serving the contracting parties. The Board of Directors (the “Board”) has specific powers set forth in the contract and, in addition, shall have the power to do all acts that it determines to be necessary and appropriate to carry out its authorized purposes pursuant to Ohio Revised Code Section 715.72.

The JEDD operates under the Board comprised of the following members:

- A. One member representing Middletown and Mason collectively
- B. One member representing Liberty Township
- C. One member representing the owners of businesses in the JEDD
- D. One member representing persons working within the JEDD
- E. One member selected by the Board to serve as Chairperson

Each Board member serves a four year term. A member may be reappointed, but no member shall serve more than two consecutive terms on the Board. Three Members of the Board shall constitute a quorum and any action of the Board requires concurrence of a majority in attendance. The members of the Board serve without compensation.

The Board may adopt policies, procedures and advance directives which may be administered by the Chairperson. The Board shall meet at least annually to review activities affecting the JEDD. The Board shall serve as a liaison with the private sector for the purpose of facilitating economic development within the District. The Board shall serve in an advisory capacity to the contracting parties and make recommendations upon request of the contracting parties in furtherance of economic development within the territory. The Board does not have the authority to borrow money or to issue notes or bonds without consent of the contracting parties.

The term of the contract for the existence of the JEDD terminates on December 31, 2045. The contracting parties may by consent extend this contract for two terms of ten years each. This contract may be terminated by consent of the contracting parties. The termination shall not become effective sooner than ninety days after the last of the contracting parties’ action in furtherance of termination becomes effective.

**Note 2 – Summary of Significant Accounting Policies**

A. Accounting Basis

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The JEDD 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.

**Liberty Township Joint Economic Development District  
Butler County, Ohio**

**Notes to the Financial Statement  
For the Year Ended December 31, 2022**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

B. Fund Accounting

The JEDD uses fund accounting to maintain its financial records. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds can be used to segregate resources that are restricted as to use. The JEDD's only fund is the General Fund.

C. Cash

JEDD cash is held in one checking depository account. There were no investments during the year.

D. Fund Balance

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

Non-spendable – When amounts cannot be spent because they are either: (a), not in a spendable form; or (b), legally or contractually required to be maintained intact.

Restricted – When constraints placed on the use of resources are either: (a), externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b), imposed by law through constitutional provisions or enabling legislation.

Committed – When the Board of Directors passes resolutions requiring specific revenues be used for specific purposes. The Board can modify or rescind such resolutions at any time through additional formal action.

Assigned – When a revenue source is not previously restricted or committed, but the Treasurer determines, in the Treasurer's professional opinion, that the assigning of the revenue is desired or made at the direction of the Board.

Unassigned – When resources have not been assigned to other Board commitments or contractual responsibilities, and have not been restricted, committed, or assigned to any other specific purposes.

The JEDD will apply 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 balances, 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.

**Liberty Township Joint Economic Development District  
Butler County, Ohio**

**Notes to the Financial Statement  
For the Year Ended December 31, 2022**

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**Note 3 – Income Taxes**

The JEDD levies a 1.5 percent income tax. The JEDD levies and collects the tax on all income earned within the JEDD. Employers within the JEDD are required to withhold income tax on employee earnings and remit the tax to the JEDD monthly or quarterly depending on the amount of taxes involved. Individual taxpayers, whose only income is subject to withholding by employers, are not required to file a final annual return. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly or file a final return annually.

The net income tax revenues are distributed eighty-three percent to the Township, two percent to the City of Middletown and fifteen percent to the City of Mason. The distributions are made monthly. The JEDD Board maintains an escrow balance of one percent of revenue and pays a five percent service fee to the City of Middletown for administering the income tax collections of the JEDD.

**Note 4 – Cash**

The City of Middletown is custodian for the JEDD's deposits. The City's deposit and investment pool holds the JEDD's assets, valued at the City's reported carrying amount.

**Note 5 – Contributions**

In furtherance of the economic development of the Liberty Township JEDD the contracting parties shall undertake the following improvements and services. The Township shall use a portion of the allocation of the income tax it receives to pay a portion of the costs of constructing the Liberty Interchange. The Township shall provide for the construction and improvement of such roads in it deems appropriate to provide an improved transportation network to benefit the District. The Township shall also provide expanded public services (police, fire administration) to the District.

The City of Middletown shall provide financial services for analysis of economic activity affecting the District. Middletown shall also provide engineering services to the Township for road construction and improvements.

The City of Mason shall provide for the improvement of Bethany and Mason Roads within the jurisdictional limits of Mason. Mason shall also provide for construction and improvement of such roads in Mason it deems appropriate to provide and improved transportation network to benefit the District.

**Note 6 – Contractual Commitments**

The JEDD contracts with the City of Middletown for the collection of the Income Tax. The Board compensates the City five percent of the gross revenues for the collection of the income tax. The amount paid to the City for these services in 2022 was \$168,369.

**Liberty Township Joint Economic Development District  
Butler County, Ohio**

Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)  
For the Year Ended December 31, 2021

Cash Receipts:	
Income Taxes	\$ 3,092,056
Total Cash Receipts	<u>3,092,056</u>
Cash Disbursements:	
Income Tax Disbursements, Liberty Township	2,386,878
Income Tax Disbursements, City of Mason	431,364
Income Tax Disbursements, City of Middletown	55,288
Service Fee	154,603
Professional Fees	3,198
Income Tax Refunds Paid	47,586
Total Cash Disbursements	<u>3,078,917</u>
Net Change in Fund Cash Balances	13,139
Fund Cash Balances, January 1, Restated	<u>201,966</u>
Fund Cash Balances, December 31	<u><u>\$ 215,105</u></u>

See accompanying notes to the financial statements.

**Liberty Township Joint Economic Development District  
Butler County, Ohio**

**Notes to the Financial Statement  
For the Year Ended December 31, 2021**

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**Note 1 – Description of the Entity**

The Liberty Township Joint Economic Development District (the “JEDD”) is a political and corporate body for the purpose of facilitating economic development to create jobs and employment opportunities and to improve the economic welfare of the people in the area of the contracting parties. The contracting parties share a common interest in facilitating economic development along the corridor of Interstate 75, Cincinnati Dayton Road and S.R. 129 which are critical transportation links serving the contracting parties. The Board of Directors (the “Board”) has specific powers set forth in the contract and, in addition, shall have the power to do all acts that it determines to be necessary and appropriate to carry out its authorized purposes pursuant to Ohio Revised Code Section 715.72.

The JEDD operates under the Board comprised of the following members:

- A. One member representing Middletown and Mason collectively
- B. One member representing Liberty Township
- C. One member representing the owners of businesses in the JEDD
- D. One member representing persons working within the JEDD
- E. One member selected by the Board to serve as Chairperson

Each Board member serves a four year term. A member may be reappointed, but no member shall serve more than two consecutive terms on the Board. Three Members of the Board shall constitute a quorum and any action of the Board requires concurrence of a majority in attendance. The members of the Board serve without compensation.

The Board may adopt policies, procedures and advance directives which may be administered by the Chairperson. The Board shall meet at least annually to review activities affecting the JEDD. The Board shall serve as a liaison with the private sector for the purpose of facilitating economic development within the District. The Board shall serve in an advisory capacity to the contracting parties and make recommendations upon request of the contracting parties in furtherance of economic development within the territory. The Board does not have the authority to borrow money or to issue notes or bonds without consent of the contracting parties.

The term of the contract for the existence of the JEDD terminates on December 31, 2045. The contracting parties may by consent extend this contract for two terms of ten years each. This contract may be terminated by consent of the contracting parties. The termination shall not become effective sooner than ninety days after the last of the contracting parties’ action in furtherance of termination becomes effective.

**Note 2 – Summary of Significant Accounting Policies**

A. Accounting Basis

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The JEDD 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.

**Liberty Township Joint Economic Development District  
Butler County, Ohio**

**Notes to the Financial Statement  
For the Year Ended December 31, 2021**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

B. Fund Accounting

The JEDD uses fund accounting to maintain its financial records. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds can be used to segregate resources that are restricted as to use. The JEDD's only fund is the General Fund.

C. Cash

JEDD cash is held in one checking depository account. There were no investments during the year.

D. Fund Balance

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

Non-spendable – When amounts cannot be spent because they are either: (a), not in a spendable form; or (b), legally or contractually required to be maintained intact.

Restricted – When constraints placed on the use of resources are either: (a), externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b), imposed by law through constitutional provisions or enabling legislation.

Committed – When the Board of Directors passes resolutions requiring specific revenues be used for specific purposes. The Board can modify or rescind such resolutions at any time through additional formal action.

Assigned – When a revenue source is not previously restricted or committed, but the Treasurer determines, in the Treasurer's professional opinion, that the assigning of the revenue is desired or made at the direction of the Board.

Unassigned – When resources have not been assigned to other Board commitments or contractual responsibilities, and have not been restricted, committed, or assigned to any other specific purposes.

The JEDD will apply 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 balances, 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.

**Liberty Township Joint Economic Development District  
Butler County, Ohio**

**Notes to the Financial Statement  
For the Year Ended December 31, 2021**

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**Note 3 – Income Taxes**

The JEDD levies a 1.5 percent income tax. The JEDD levies and collects the tax on all income earned within the JEDD. Employers within the JEDD are required to withhold income tax on employee earnings and remit the tax to the JEDD monthly or quarterly depending on the amount of taxes involved. Individual taxpayers, whose only income is subject to withholding by employers, are not required to file a final annual return. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly or file a final return annually.

The net income tax revenues are distributed eighty-three percent to the Township, two percent to the City of Middletown and fifteen percent to the City of Mason. The distributions are made monthly. The JEDD Board maintains an escrow balance of one percent of revenue and pays a five percent service fee to the City of Middletown for administering the income tax collections of the JEDD.

**Note 4 – Cash**

The City of Middletown is custodian for the JEDD's deposits. The City's deposit and investment pool holds the JEDD's assets, valued at the City's reported carrying amount.

**Note 5 – Contributions**

In furtherance of the economic development of the Liberty Township JEDD the contracting parties shall undertake the following improvements and services. The Township shall use a portion of the allocation of the income tax it receives to pay a portion of the costs of constructing the Liberty Interchange. The Township shall provide for the construction and improvement of such roads in it deems appropriate to provide an improved transportation network to benefit the District. The Township shall also provide expanded public services (police, fire administration) to the District.

The City of Middletown shall provide financial services for analysis of economic activity affecting the District. Middletown shall also provide engineering services to the Township for road construction and improvements.

The City of Mason shall provide for the improvement of Bethany and Mason Roads within the jurisdictional limits of Mason. Mason shall also provide for construction and improvement of such roads in Mason it deems appropriate to provide and improved transportation network to benefit the District.

**Note 6 – Contractual Commitments**

The JEDD contracts with the City of Middletown for the collection of the Income Tax. The Board compensates the City five percent of the gross revenues for the collection of the income tax. The amount paid to the City for these services in 2021 was \$154,603.



**Liberty Township Joint Economic Development District  
Butler County, Ohio**

**Notes to the Financial Statement  
For the Year Ended December 31, 2021**

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**Note 7 – Change in Accounting Principle**

Effective January 1, 2021, the JEDD made a change in accounting principle.

Nature of the Change

Beginning January 1, 2021, the JEDD will report undistributed cash as part of *fund cash balances*.

Prior to this change, the JEDD did not report undistributed cash as part of *fund cash balances*.

Why the New Treatment is Preferable

Reporting undistributed cash as part of *fund cash balances* better aligns the JEDD's financial position with the custodial financial position of the City of Middletown, which is the JEDD's financial custodian and fiscal agent.

Effect on the Change on Beginning Fund Cash Balances

The change in accounting principle had the following effect on *fund cash balances* at January 1, 2021:

Fund Cash Balances, January 1, Previously Reported	\$ 5,948
Cumulative Effect of Change in Accounting Principle	<u>196,018</u>
Fund Cash Balances, January 1, Restated	<u>\$ 201,966</u>

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# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
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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

Liberty Township Joint Economic Development District  
Butler County  
7162 Liberty Centre Drive, Suite A  
Liberty Township, Ohio 45069

To the Board of Directors:

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 Liberty Township Joint Economic Development District, Butler County, (the District) and have issued our report thereon dated March 18, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings as item 2022-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings as item 2022-002 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*.

***District's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***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  
March 18, 2024

LIBERTY TOWNSHIP JOINT ECONOMIC DEVELOPMENT DISTRICT  
HAMILTON 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

**Material Weakness – Financial Reporting**

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.

Due to deficiencies in the District's internal controls over financial reporting, Beginning Fund Balance and Ending Fund Balance in the financial statements were understated by \$196,018 in 2021 and 2022.

The financial statements have been adjusted for these errors.

The District did not have procedures in place for effective monitoring of the District's financial activity, and the accuracy of accounting and financial reporting. It is important that the District Board take an active role in monitoring the posting and reporting of such activity. Failure to accurately post and monitor financial activity increases the risk that errors, theft, and fraud could occur and not be detected in a timely manner.

Due care should be exercised when posting entries to the financial records and financial statement preparation. The District officials should review the chart of accounts to assure that items are being posted to the proper account codes and funds, and update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

**Officials' Response:**

Prior to January 1, 2021 the JEDD prepared cash-basis regulatory financial statements with certain adjustments made for undistributed cash that was held by the JEDD's custodian, but not yet remitted to the JEDD's partners.

In the 2021 cash-basis financial statements (as more fully described in Note 7 – *Change in Accounting Principle*) the JEDD made an adjustment to report the balance of undistributed cash as part of fund cash balances.

This one-time adjustment only impacted the JEDD's external cash-basis financial reporting, and management wishes to emphasize that the JEDD's resources were appropriately reconciled, accounted for, and handled, in the daily cash receipt and disbursement records of the JEDD during the audit period.

## FINDING NUMBER 2022-002

### 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 four Board members, 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:

The JEDD is managed by individuals that convey a tone at the top that all JEDD activities and duties are to be carried out in an honest and ethical manner. Having ethical and honest individuals involved in the JEDD's daily operations mitigates general fraud risk.

# OHIO AUDITOR OF STATE KEITH FABER



**LIBERTY TOWNSHIP 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 3/28/2024**

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](http://www.ohioauditor.gov)