

FAIRFIELD TOWNSHIP
BUTLER COUNTY, OHIO

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2019**

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Fairfield Township
6032 Morris Road
Hamilton, OH 45011

We have reviewed the *Independent Auditor's Report* of Fairfield Township, Butler County, prepared by Bastin & Company, LLC, for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Fairfield Township is responsible for compliance with these laws and regulations.

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Keith Faber
Auditor of State
Columbus, Ohio

July 10, 2020

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FAIRFIELD TOWNSHIP
BUTLER COUNTY, OHIO

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report.....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2019.....	3
Notes to the Financial Statements	4
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	12

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Bastin & Company, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Fairfield Township
Butler County
6032 Morris Road
Fairfield Township, Ohio 45011

To the Board of Trustees:

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 Fairfield Township, Butler County, Ohio (the Township) as of and for the year ended December 31, 2019.

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 Township'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 Township'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 opinions.

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

As described in Note 2 of the financial statements, the Township 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 Township 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 Township as of December 31, 2019, and the respective changes in financial position thereof for the year 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 Fairfield Township, Butler County, Ohio, as of December 31, 2019, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2020, on our consideration of the Township'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 Township's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
June 16, 2020

Fairfield Township
Butler County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 119,365	\$ 5,563,470	\$ -	\$ 5,682,835
Charges for Services	-	563,025	-	563,025
Licenses, Permits and Fees	347,746	7,187	-	354,933
Fines and Forfeitures	29,613	8,649	-	38,262
Intergovernmental	397,013	1,867,274	290,853	2,555,140
Special Assessments	-	151,189	-	151,189
Payments in Lieu of Taxes	-	2,984,880	-	2,984,880
Earnings on Investments	270,098	12,502	-	282,600
Miscellaneous	38,166	111,248	-	149,414
<i>Total Cash Receipts</i>	<u>1,202,001</u>	<u>11,269,424</u>	<u>290,853</u>	<u>12,762,278</u>
Cash Disbursements				
Current:				
General Government	1,058,021	747,868	-	1,805,889
Public Safety	-	5,902,780	-	5,902,780
Public Works	440,850	992,321	1,341,833	2,775,004
Health	9,283	-	-	9,283
Conservation/Recreation	239,742	-	-	239,742
Capital Outlay	407,676	3,851,976	-	4,259,652
Debt Service:				
Principal Retirement	-	670,000	-	670,000
Interest and Fiscal Charges	-	284,550	-	284,550
<i>Total Cash Disbursements</i>	<u>2,155,572</u>	<u>12,449,495</u>	<u>1,341,833</u>	<u>15,946,900</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(953,571)</u>	<u>(1,180,071)</u>	<u>(1,050,980)</u>	<u>(3,184,622)</u>
Other Financing Receipts (Disbursements)				
Sale of Bonds	-	1,885,000	-	1,885,000
Payment to Refunded Bond Escrow Agent	-	(1,858,099)	-	(1,858,099)
Issuance Costs on Sale of Bonds	-	(26,399)	-	(26,399)
Sale of Capital Assets	1,254,929	-	-	1,254,929
Transfers-In	55,000	-	-	55,000
Transfers-Out	-	(55,000)	-	(55,000)
Advances-In	10,000	-	-	10,000
Advances-Out	-	(10,000)	-	(10,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,319,929</u>	<u>(64,498)</u>	<u>-</u>	<u>1,255,431</u>
<i>Net Change in Fund Cash Balances</i>	366,358	(1,244,569)	(1,050,980)	(1,929,191)
<i>Fund Cash Balances, January 1</i>	<u>4,662,984</u>	<u>10,083,291</u>	<u>1,533,925</u>	<u>16,280,200</u>
Fund Cash Balances, December 31				
Restricted	-	8,610,657	482,945	9,093,602
Committed	-	228,065	-	228,065
Assigned	1,323,372	-	-	1,323,372
Unassigned	3,705,970	-	-	3,705,970
<i>Fund Cash Balances, December 31</i>	<u>\$ 5,029,342</u>	<u>\$ 8,838,722</u>	<u>\$ 482,945</u>	<u>\$ 14,351,009</u>

See accompanying notes to the basic financial statements

Fairfield Township
Butler County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Fairfield Township, Butler County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, fire protection, emergency medical services and police protection.

Blended Component Unit

The Fairfield Township Community Improvement Corporation (CIC), a non-profit organization, is a five member board comprised of the three Township trustees, the Township fiscal officer, and one Township official. The CIC derives the major source of its revenues from Fairfield Township in the form of capital and cash contributions. The CIC works with the Township in many aspects of the overall adopted economic development strategy of the Township with its current efforts focused on facilitating industrial and retail development. Financial statements related to the CIC can be obtained from the Township Fiscal Officer. The Township has elected to include the cash basis activity of the CIC as part of the Special Revenue fund type of the Township.

Jointly Governed Organizations and Public Entity Risk Pool

The Township participates in jointly governed organizations and a public entity risk pool. Notes 7 and 11 to the financial statements provides additional information for these entities.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Police District Fund The Police District Fund accounts for and reports that portion of property tax and intergovernmental monies restricted for the operation of the Township's police department.

Fairfield Township
Butler County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Fire District Fund The Fire District Fund accounts for and reports that portion of property tax and intergovernmental monies restricted for the operation of the Township's fire department.

Princeton Road TIF Fund The Princeton Road TIF Fund accounts for and reports that portion of payments in lieu of taxes under tax increment financing agreements on properties located within the Township restricted for the operation of the Township's Princeton Road TIF districts.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

Fairfield Township RID Project Fund This fund accumulates resources for construction within the Residential Improvement District.

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 Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Advances - out are not budgeted.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources. Advances - in are not budgeted.

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

Fairfield Township
Butler County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Township records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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 Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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 Township 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

Fairfield Township
Butler County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,267,000	\$ 2,511,930	\$ 1,244,930
Special Revenue	10,743,000	13,154,419	2,411,419
Capital Projects	141,000	290,853	149,853
Total	\$ 12,151,000	\$ 15,957,202	\$ 3,806,202

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,774,737	\$ 2,189,944	\$ 1,584,793
Special Revenue	17,089,945	15,030,361	2,059,584
Capital Projects	1,682,137	1,682,137	-
Total	\$ 22,546,819	\$ 18,902,442	\$ 3,644,377

Advances-in and advances-out and activity of the Fairfield Township Community Improvement Corporation, a blended component unit of the Township, are not presented in the data presented above.

Note 4 - Deposits and Investments

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2019 was as follows:

Demand deposits	\$ 4,231,514
Other time deposits (savings and ICS accounts)	10,114,368
Demand deposits - CIC	5,127
Total deposits	\$14,351,009

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Fairfield Township
Butler County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 - Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments for 2019 were due to the County by February 28. If the property owner elects to pay semiannually, the first half was due February 28. The second half payment was due the following August 31.

Public utilities are also taxed on personal and real property located within the Township.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 6 - Interfund Balances and Transfers

During 2019, a \$10,000 prior year advance was returned to the General Fund from the TIF-Millikin Road Fund.

During 2019, the CIC transferred \$55,000 of unused project funds previously provided by the Township to the General Fund.

Note 7 - Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31 (latest information available):

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

Fairfield Township
Butler County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS local members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. OPERS law enforcement members contribute 13% of their gross salaries and the Township contributed an amount equaling 18.1% of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2019.

Social Security

Some of the Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Fairfield Township
Butler County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 - Debt

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
Various Purpose Refunding Bonds, Series 2014	\$ 1,790,000	1.00% - 4.25%
Various Purpose Refunding Bonds, Series 2016	2,005,000	3.00% - 4.00%
Various Purpose Refunding Bonds, Series 2019	1,885,000	2.05%
	\$ 5,680,000	

During 2014, the Township issued \$3,055,000 Various Purpose Refunding Bonds, Series 2014. Proceeds and a portion of the bond premium were used to retire \$3,070,000 of the Series 2005 Bonds that were originally issued to finance improvements to Township roads. The Series 2014 bonds will be repaid in yearly installments, with interest at rates ranging from 1.00% to 4.25

During 2016, the Township issued \$2,805,000 in Various Purpose General Obligation Refunding Bonds, Series 2016. Proceeds and a portion of the bond premium were used to retire \$3,025,000 of Series 2006 Bonds that were originally issued to finance infrastructure improvements in the Township and land acquisitions necessary for those improvements. The Series 2016 bonds will be repaid in yearly installments, with interest at rates ranging from 3.00% to 4.00%.

During 2009, the Township entered into a joint venture with the City of Hamilton and Butler County on the By-Pass 4 Recovery Zone Transportation Improvement District (TID) debt issuance. By-Pass 4, General Obligation Bonds, Series 2009 were issued for a total of \$7,275,000, of which the Township was responsible for a portion totaling \$2,860,000. During 2019, the joint venture issued \$4,150,000 of Various Purpose Refunding Bonds, Series 2019, of which the Township was responsible for a portion totaling \$1,885,000. Proceeds were used to retire the remaining outstanding balance of \$1,845,000 of the Series 2009 Bonds. The Series 2019 bonds will be repaid in yearly installments, with interest at a rate of 2.05%.

The Township intends to pay debt service on the bonds from service payments from tax increment financing districts. Amortization of the above debt, including interest, is scheduled as follows:

	Various Purpose Refunding Bonds, Series 2014	Various Purpose Refunding Bonds, Series 2016	Various Purpose Refunding Bonds, Series 2019	Total
Year ending December, 31:				
2020	\$ 404,213	\$ 297,350	\$ 387,354	\$ 1,088,917
2021	404,163	293,550	401,467	1,099,180
2022	405,362	294,550	398,883	1,098,795
2023	395,963	295,150	406,195	1,097,308
2024	401,363	295,350	408,200	1,104,913
2025-2029	-	883,250	-	883,250
Total	\$ 2,011,064	\$ 2,359,200	\$ 2,002,099	\$ 6,372,363

Fairfield Township
Butler County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

In addition to the debt described above, the Township has defeased certain debt issues from prior years. Debt principal outstanding at December 31, 2019 was \$6,120,000. This disclosure does not include the related defeased debt or assets, since trusteed assets should provide sufficient resources to retire the debt.

Note 11 - Jointly Governed Organizations

The Township has entered into a contract pursuant to the authority of Ohio Revised Code 715.72 through 715.81 with the City of Hamilton to create the Hamilton-Indian Springs Joint Economic Development District.

The JEDD was created in 1996 to promote economic development activities in certain geographic areas located in Fairfield Township. The JEDD consists of 5 board members, one member representing the City of Hamilton, one member representing the Township, one member representing the business owners located in the District, one member representing the persons working in the District and one member selected by the other members to serve as chairperson of the District Board.

Pursuant to Revised Code 715.74, the JEDD has implemented a 2.0% income tax. Net tax revenues of the original JEDD area (referred to as JEDD I) is allocated 75% to the City and 25% to the Township. During 2004, the area of the JEDD was expanded. Net tax revenues of the expanded area (referred to as JEDD II) is allocated 25% to the City and 75% to the Township. The City serves as fiscal agent for the JEDD. The contract for creating the JEDD can be terminated at any time by mutual consent of the contracting parties.

The Township entered into a contract with Butler County and the City of Hamilton creating a Transportation Improvement District for the By-Pass 4 recovery zone improvement project (See Note 10).

Note 12 - Contingent Liabilities

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 13 - Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Subsequent to year end, the Township issued \$5,000,000 of General Obligation (Limited Tax) Improvement Bonds for constructing improvements to Township facilities and public infrastructure improvements in the Township. The Bonds mature in varying amounts with interest at 1.99 percent, through 2025.

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Fairfield Township
Butler County
6032 Morris Road
Fairfield Township, Ohio 45011

To the Board of Trustees:

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 Fairfield Township, Butler County, (the Township) as of and for the year ended December 31, 2019, and the related notes to the financial statements and have issued our report thereon dated June 16, 2020 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

Internal Controls Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township'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 a 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 Township's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

A handwritten signature in black ink that reads "Bastin & Company, LLC". The signature is written in a cursive style and is centered horizontally within a light gray rectangular background.

Cincinnati, Ohio
June 16, 2020

OHIO AUDITOR OF STATE KEITH FABER



FAIRFIELD TOWNSHIP

BUTLER 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
JULY 23, 2020**