



OHIO AUDITOR OF STATE  
**KEITH FABER**





FAIRFIELD TOWNSHIP  
BUTLER COUNTY  
DECEMBER 31, 2021

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Fairfield Township  
Butler County  
6032 Morris Road  
Fairfield Township, 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 Fairfield Township, Butler County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 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 each governmental fund type combined total as of and for the year ended December 31, 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 2.

#### ***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 Township, as of December 31, 2021, or the changes in financial position thereof for the year 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 Township, 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 2 of the financial statements, the financial statements are prepared by the Township 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 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. Our opinion is not modified with respect to this matter.

***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 Township'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 Township'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 Township'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 October 18, 2022, 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. 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 Township'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 Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio  
October 18, 2022

**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, 2021*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 141,895	\$ 5,806,897	\$ -	\$ 5,948,792
Charges for Services	-	533,590	-	533,590
Licenses, Permits and Fees	352,624	24,942	-	377,566
Fines and Forfeitures	-	3,911	-	3,911
Intergovernmental	642,884	2,961,887	-	3,604,771
Special Assessments	-	150,086	-	150,086
Payments in Lieu of Taxes	-	2,696,908	320,258	3,017,166
Earnings on Investments	3,601	261	-	3,862
Miscellaneous	105,549	680,589	-	786,138
<i>Total Cash Receipts</i>	<u>1,246,553</u>	<u>12,859,071</u>	<u>320,258</u>	<u>14,425,882</u>
<b>Cash Disbursements</b>				
Current:				
General Government	1,019,296	1,031,690	-	2,050,986
Public Safety	-	6,344,615	-	6,344,615
Public Works	82,600	1,581,083	-	1,663,683
Human Services	-	62,987	-	62,987
Conservation/Recreation	6,610	-	-	6,610
Capital Outlay	13,707	233,259	2,621,938	2,868,904
Debt Service:				
Principal Retirement	-	1,913,000	-	1,913,000
Interest and Fiscal Charges	-	242,228	-	242,228
<i>Total Cash Disbursements</i>	<u>1,122,213</u>	<u>11,408,862</u>	<u>2,621,938</u>	<u>15,153,013</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>124,340</u>	<u>1,450,209</u>	<u>(2,301,680)</u>	<u>(727,131)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	-	4,348	-	4,348
Transfers-In	-	5,000	-	5,000
Transfers-Out	(5,000)	-	-	(5,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,000)</u>	<u>9,348</u>	<u>-</u>	<u>4,348</u>
<i>Net Change in Fund Cash Balances</i>	119,340	1,459,557	(2,301,680)	(722,783)
<i>Fund Cash Balances, January 1, Restated</i>	<u>6,893,954</u>	<u>9,061,245</u>	<u>3,156,134</u>	<u>19,111,333</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 7,013,294</u>	<u>\$ 10,520,802</u>	<u>\$ 854,454</u>	<u>\$ 18,388,550</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, 2021*

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**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 provide 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 which is organized on a fund type basis.

***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:

**Fairfield Township**  
**Butler County, Ohio**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***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.

***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(C). 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 (C) 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.

***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.

***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 2021 budgetary activity appears in Note 3.

**Fairfield Township**  
**Butler County, Ohio**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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, 2021*

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,428,000	\$ 1,246,553	\$ (181,447)
Special Revenue	10,853,000	12,863,419	2,010,419
Capital Projects	300,000	320,258	20,258
Total	\$ 12,581,000	\$ 14,430,230	\$ 1,849,230

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,376,704	\$ 1,130,841	\$ 2,245,863
Special Revenue	14,616,845	11,452,911	3,163,934
Capital Projects	3,205,778	2,621,938	583,840
Total	\$ 21,199,327	\$ 15,205,690	\$ 5,993,637

Activity of the Fairfield Township Community Improvement Corporation, a blended component unit of the Township, is not presented in the data above. The CIC had \$5,000 of receipts and total expenditures of \$3,348 during the year.

**Note 4 - Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts at December 31, 2021 are as follows:

<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$ 6,228,675
Other time deposits (savings and ICS accounts)	12,156,348
Demand deposits - CIC	3,527
Total deposits	\$18,388,550

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$80,581 in unremitted employee payroll withholdings.

**Fairfield Township**  
**Butler County, Ohio**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***Deposits***

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.

**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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments for 2021 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 Transfers**

During 2021, the General fund transferred \$5,000 to the Fairfield Township Community Improvement Corporation Fund to support continuing activities.

**Note 7 - Risk Management**

*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>2020</u>
Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

**Fairfield Township**  
**Butler County, Ohio**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Township 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 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. OPERS law enforcement members contribute 13 percent of their gross salaries and the Township contributed an amount equaling 18.1 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

***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 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2021.

***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, 2021.

**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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

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, 2021*

**Note 10 - Debt**

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Various Purpose Refunding Bonds, Series 2014	\$ 1,110,000	1.00% - 4.25%
Various Purpose Refunding Bonds, Series 2016	1,560,000	3.00% - 4.00%
Various Purpose Refunding Bonds, Series 2019	1,159,000	2.05%
Limited Tax General Obligation Bonds, Series 2020	3,551,000	1.99%
	<u>\$ 7,380,000</u>	

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 percent to 4.25 percent.

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 percent to 4.00 percent.

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 \$4,147,000 of Various Purpose Refunding Bonds, Series 2019, of which the Township was responsible for a portion totaling \$1,884,000. 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 percent.

During 2020, the Township issued \$5,000,000 in Limited Tax General Obligation Bonds, Series 2020. Proceeds were used to finance projects to a service building, police department building and infrastructure improvements to Gilmore Road. The Series 2020 bonds will be repaid in yearly installments, with interest at a rate of 1.99 percent.

The Township intends to pay debt service on the bonds from service payments from tax increment financing districts.

**Fairfield Township**  
**Butler County, Ohio**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December, 31:	Various Purpose Refunding Bonds, Series	Various Purpose Refunding Bonds, Series	Various Purpose Refunding Bonds, Series	Limited Tax General Obligation Bonds, Series	Total
	2014	2016	2019	2020	
2022	\$ 405,362	\$ 294,550	\$ 401,206	\$ 1,054,769	\$ 2,155,887
2023	395,963	295,150	400,945	1,054,988	2,147,046
2024	401,363	295,350	401,549	1,055,810	2,154,072
2025	-	295,150	-	528,204	823,354
2026	-	294,550	-	-	294,550
2027-2029	-	293,550	-	-	293,550
Total	<u>\$ 1,202,688</u>	<u>\$ 1,768,300</u>	<u>\$ 1,203,700</u>	<u>\$ 3,693,771</u>	<u>\$ 7,868,459</u>

In addition to the debt described above, the Township has defeased certain debt issues from prior years. Debt principal outstanding at December 31, 2021 was \$2,875,000. 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 percent income tax. Net tax revenues of the original JEDD area (referred to as JEDD I) is allocated 75 percent to the City and 25 percent to the Township. During 2004, the area of the JEDD was expanded. Net tax revenues of the expanded area (referred to as JEDD II) are allocated 25 percent to the City and 75 percent 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.



**Fairfield Township**  
**Butler County, Ohio**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 3,628	\$ 47,397	\$ 51,025
<i>Total</i>	<i>\$ 3,628</i>	<i>\$ 47,397</i>	<i>\$ 51,025</i>

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 14 – Restatement of Fund Balances**

The Township’s fund cash balances at January 1, 2021 have been restated for checks written in prior years that were voided in 2021. This adjustment resulted in the following changes in fund balances at January 1, 2021:

	General Fund	Special Revenue Fund Type
Fund balance December 31, 2020, as previously reported	\$6,893,919	\$9,048,135
Voided checks	35	13,110
Fund balance January 1, 2021, as restated	<u>\$6,893,954</u>	<u>\$9,061,245</u>

**Note 15 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## 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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2021 and the related notes to the financial statements of Fairfield Township, Butler County, (the Township) and have issued our report thereon dated October 18, 2022, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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 Township'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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township'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 Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio  
October 18, 2022

**FAIRFIELD TOWNSHIP  
BUTLER COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2021-001**

**Material Weakness**

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.

We identified the following conditions related to the Township's financial statements at December 31, 2021:

- Although the Township was reconciled at December 31, 2021, the reconciliations for January through July of 2021 were prepared with errors. The Fiscal Officer identified the errors in August 2021 and posted a memo entry to the accounting system to correct the prior errors. The correcting entry was made as a disbursement to the General Fund; however, the errors affected both receipts and disbursements as well as other funds in addition to the General Fund. This resulted in the following: General Fund Licenses, Permits, and Fees was overstated by \$88,744; General Government disbursements was overstated by \$197,406; and General Fund balance was understated by \$108,662. Special Revenue Charges for Services was overstated by \$2,360; Intergovernmental Revenue was overstated by \$59,288; Public Works disbursements was understated by \$5,785; Public Safety disbursements was understated by \$41,229; and Special Revenue Fund balance was overstated by \$108,662. The financial statements and accounting records have been adjusted for this error.
- The Township did not properly report Coronavirus Relief Fund (CRF) revenue received in fiscal year 2021 from expenditures made in fiscal year 2020. This resulted in the following: General Fund Intergovernmental Revenue was overstated and Miscellaneous Revenue was understated by \$66,450. Special Revenue Intergovernmental Revenue and General Government disbursements were both understated by \$66,450. The financial statements have not been adjusted for this error.
- The Township did not properly report Payment in Lieu of Taxes Revenue. This resulted in the following: Special Revenue Miscellaneous Revenue was overstated and Payment in Lieu of Taxes was understated by \$614,358. The financial statements have not been adjusted for this error.

The Township did not have procedures in place for effective monitoring of financial activity and the accuracy of accounting and financial reporting. Failure to accurately post financial activity 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 preparation of the financial statements to prevent errors and to assist in properly reflecting the Township's financial activity. In addition, the Board should adopt procedures for ongoing reviews of the activity recorded in the underlying accounting records and reported on the financial statements so that errors can be detected and corrected in a timely manner.

**Officials' Response:**

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



# OHIO AUDITOR OF STATE KEITH FABER



**FAIRFIELD TOWNSHIP**

**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 11/10/2022**

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)