

FAIRFIELD TOWNSHIP
BUTLER COUNTY, OHIO

SINGLE AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2020

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Fairfield Township
6032 Morris Rd
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, 2020 through December 31, 2020. 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.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 22, 2021

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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	3
Notes to the Financial Statements	4
Schedule of Expenditures of Federal Awards	13
Notes to the Schedule of Expenditure of Federal Awards.....	14
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Independent Auditor’s Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	17
Schedule of Findings.....	20

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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 for each governmental fund type combined total as of and for the year ended December 31, 2020 and related notes of Fairfield Township, Butler County, Ohio (the Township).

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, 2020, 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 for each fund type combined total as of and for the year ended December 31, 2020, and related notes of the Township, 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 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. Also, as discussed in Note 13 to the financial statements, during 2020, the Township made changes to their cash basis reporting model. We did not modify our opinion regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2021, 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.

Bastin & Company, LLC

Cincinnati, Ohio
June 11, 2021

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, 2020

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 166,008	\$ 5,552,857	\$ -	\$ 5,718,865
Charges for Services	-	517,295	-	517,295
Licenses, Permits and Fees	330,944	19,462	-	350,406
Fines and Forfeitures	1,240	4,211	-	5,451
Intergovernmental	2,004,731	3,405,245	296,092	5,706,068
Special Assessments	-	148,934	-	148,934
Payments in Lieu of Taxes	-	2,782,426	-	2,782,426
Earnings on Investments	54,361	2,623	-	56,984
Miscellaneous	80,950	460,432	-	541,382
<i>Total Cash Receipts</i>	<u>2,638,234</u>	<u>12,893,485</u>	<u>296,092</u>	<u>15,827,811</u>
Cash Disbursements				
Current:				
General Government	1,114,123	1,084,891	-	2,199,014
Public Safety	-	7,226,801	-	7,226,801
Public Works	11,725	1,224,034	223,557	1,459,316
Conservation/Recreation	17,120	-	-	17,120
Capital Outlay	33,126	1,539,268	2,385,846	3,958,240
Debt Service:				
Principal Retirement	-	1,386,000	-	1,386,000
Interest and Fiscal Charges	-	228,166	-	228,166
<i>Total Cash Disbursements</i>	<u>1,176,094</u>	<u>12,689,160</u>	<u>2,609,403</u>	<u>16,474,657</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,462,140</u>	<u>204,325</u>	<u>(2,313,311)</u>	<u>(646,846)</u>
Other Financing Receipts (Disbursements)				
Sale of Bonds	-	-	5,000,000	5,000,000
Issuance Costs on Sale of Bonds	-	-	(13,500)	(13,500)
Sale of Capital Assets	402,437	5,088	-	407,525
<i>Total Other Financing Receipts (Disbursements)</i>	<u>402,437</u>	<u>5,088</u>	<u>4,986,500</u>	<u>5,394,025</u>
<i>Net Change in Fund Cash Balances</i>	1,864,577	209,413	2,673,189	4,747,179
<i>Fund Cash Balances, January 1</i>	<u>5,029,342</u>	<u>8,838,722</u>	<u>482,945</u>	<u>14,351,009</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 6,893,919</u>	<u>\$ 9,048,135</u>	<u>\$ 3,156,134</u>	<u>\$ 19,098,188</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, 2020

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 6 and 10 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, 2020

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(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.

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 2020 budgetary activity appears in Note 3.

Fairfield Township
Butler County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

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, 2020

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 12.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,805,000	\$ 3,040,671	\$ 235,671
Special Revenue	12,569,472	12,898,573	329,101
Capital Projects	5,300,000	5,296,092	(3,908)
Total	\$ 20,674,472	\$ 21,235,336	\$ 560,864

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,128,372	\$ 1,186,798	\$ 2,941,574
Special Revenue	16,033,044	13,035,394	2,997,650
Capital Projects	5,640,304	5,428,681	211,623
Total	\$ 25,801,720	\$ 19,650,873	\$ 6,150,847

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 no receipts and total expenditures of \$3,252 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, 2020 are as follows:

<i>Cash Management Pool:</i>	
Demand deposits	\$ 6,941,039
Other time deposits (savings and ICS accounts)	12,155,274
Demand deposits - CIC	1,875
Total deposits	\$19,098,188

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, 2020, the Township is holding \$77,409 in unremitted employee payroll withholdings.

Fairfield Township
Butler County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 2020 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 - 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>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

Fairfield Township
Butler County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 - 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, 2020.

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, 2020.

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, 2020.

Note 8 - 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 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020. 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, 2020

Note 9 - Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Various Purpose Refunding Bonds, Series 2014	\$ 1,455,000	1.00% - 4.25%
Various Purpose Refunding Bonds, Series 2016	1,785,000	3.00% - 4.00%
Various Purpose Refunding Bonds, Series 2019	1,550,000	2.05%
Limited Tax General Obligation Bonds, Series 2020	4,522,000	1.99%
	\$ 9,312,000	

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 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 \$4,150,000 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 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, 2020

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	
2021	\$ 404,163	\$ 293,550	\$ 401,467	\$ 1,056,182	\$ 2,155,362
2022	405,362	294,550	398,883	1,054,769	\$ 2,153,564
2023	395,963	295,150	406,195	1,054,988	\$ 2,152,296
2024	401,363	295,350	408,200	1,055,810	\$ 2,160,723
2025	-	295,150	-	528,204	\$ 823,354
2026-2029	-	588,100	-	-	\$ 588,100
Total	<u>\$ 1,606,851</u>	<u>\$ 2,061,850</u>	<u>\$ 1,614,745</u>	<u>\$ 4,749,953</u>	<u>\$ 10,033,399</u>

In addition to the debt described above, the Township has defeased certain debt issues from prior years. Debt principal outstanding at December 31, 2020 was \$3,935,000. This disclosure does not include the related defeased debt or assets, since trusteed assets should provide sufficient resources to retire the debt.

Note 10 - 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 9).

Note 11 - 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, 2020

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 12 – 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	Capital Projects	Total
Outstanding Encumbrances	\$ 10,704	\$ 349,486	\$ 2,805,778	\$ 3,165,968
<i>Total</i>	<u>\$ 10,704</u>	<u>\$ 349,486</u>	<u>\$ 2,805,778</u>	<u>\$ 3,165,968</u>

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

Note 13 – Change in Accounting Principle

For 2020, the Township has made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

The effect of this change had no effect on beginning cash balances.

Note 14 – 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. 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.

**FAIRFIELD TOWNSHIP
BUTLER COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/ Pass-through Grantor/ Program/Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U. S. Department of the Treasury</u>				
<i>Office of Management and Budget</i>				
<i>Program Passed Through Butler County Auditor's Office, OH</i>				
COVID-19 - Coronavirus Relief Fund	21.019			
Local Coronavirus Relief Fund		HB481-CRF-Local	\$ -	\$ 1,470,472
Total CFDA 21.019			-	1,470,472
U.S. Department of the Treasury Total			-	1,470,472
<u>U. S. Department of Health and Human Services</u>				
<i>Direct Program</i>				
COVID-19 - Provider Relief Fund	93.498			
CARES Provider Relief		N/A	-	15,871
Total CFDA 93.498			-	15,871
U.S. Department of Health and Human Services Total			-	15,871
<u>U. S. Department of Homeland Security</u>				
<i>Direct Program</i>				
COVID-19 - Assistance to Firefighters Grant	97.044			
Assistance to Firefighters		N/A	-	50,870
Total CFDA 97.044			-	50,870
U.S. Department of Homeland Security Total			-	50,870
Total Expenditures of Federal Awards			\$ -	\$ 1,537,213

See accompanying notes to schedule

Fairfield Township
Butler County, Ohio

Notes To The Schedule Of Expenditures Of Federal Awards
2 CFR 200.510(B)(6)
For The Year Ended December 31, 2020

Note A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Fairfield Township (Township) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the Township, it is not intended to and does not present the financial position or changes in net position or fund balance of the Township.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Township elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C – Matching Requirements

Certain Federal programs require Township to contribute non-federal funds (matching funds) to support the federally-funded programs. The Township has met its matching requirements. The Schedule does not include the expenditure of non-federal matching funds.

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 for each governmental combined total as of and for the year ended December 31, 2020, and related notes of Fairfield Township, Butler County, (the Township) and have issued our report thereon dated June 11, 2021, wherein we noted the Government 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 continuing emergency measures, which may impact subsequent periods of the Township and that the Township made changes to their cash basis reporting model during 2020.

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 financial statements. 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.

Bastin & Company, LLC

Cincinnati, Ohio
June 11, 2021

Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Trustees:

Report on Compliance for the Major Federal Program

We have audited Fairfield Township's (the Township) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Fairfield Township's major federal program for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Township's major federal program.

Management's Responsibility

The Township's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Township's compliance for the Township's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Township's major program. However, our audit does not provide a legal determination of the Township's compliance.

Opinion on the Major Federal Program

In our opinion, Fairfield Township complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2020.

Report on Internal Control over Compliance

The Township's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Township's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Township's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of Fairfield Township, (the Township) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements. We issued our unmodified report thereon dated June 11, 2021, wherein we noted the Township followed the special purpose framework the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. Our opinion also explained the Township made changes to their cash basis reporting model during 2020 and the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We conducted our audit to opine on the Township's financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bastin & Company, L L C

Cincinnati, Ohio
June 11, 2021

**FAIRFIELD TOWNSHIP
SCHEDULE OF FINDINGS
2 CFR § 200.515
December 31, 2020**

SUMMARY OF AUDITOR'S RESULTS

Type of financial statement opinion	Unmodified
Were there any material control weaknesses reported at the financial statement level?	No
Were there any other significant deficiencies in internal control reported at the financial statement level?	No
Was there any reported material noncompliance reported at the financial statement level?	No
Were there any material internal control weaknesses reported for major federal programs?	No
Were there any other significant deficiencies in internal control reported for major federal programs?	No
Type of major programs' compliance opinion	Unmodified
Are there any reportable findings?	No
Major programs:	CFDA #21.019 Coronavirus Relief Fund
Dollar threshold to distinguish between Type A/B programs	Type A: >\$750,000 Type B: all others
Low risk auditee?	No

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

None

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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 8/3/2021

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