



OHIO AUDITOR OF STATE
KEITH FABER



**JEFFERSON TOWNSHIP
FAYETTE COUNTY
DECEMBER 31, 2021 AND 2020**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Jefferson Township
Fayette County
28 South Main Street
Jeffersonville, Ohio 43128

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Jefferson Township, Fayette County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, 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 and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, 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 and 2020, 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 12 and Note 13 to the financial statements for 2021 and 2020, respectively, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding 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 June 22, 2023, 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
June 22, 2023

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Jefferson Township*Fayette County, Ohio**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	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$40,571	\$767,858	\$808,429
Charges for Services	1,201	120,513	121,714
Licenses, Permits and Fees	0	16,811	16,811
Intergovernmental	19,041	255,134	274,175
Earnings on Investments	188	414	602
Miscellaneous	13,031	38,326	51,357
<i>Total Cash Receipts</i>	<u>74,032</u>	<u>1,199,056</u>	<u>1,273,088</u>
Cash Disbursements			
Current:			
General Government	138,414	13,291	151,705
Public Safety	0	897,556	897,556
Public Works	1,503	280,745	282,248
Health	9,487	18,805	28,292
Conservation-Recreation	1,500	0	1,500
Capital Outlay	0	13,359	13,359
Debt Service:			
Principal Retirement	0	123,922	123,922
Interest and Fiscal Charges	0	24,528	24,528
<i>Total Cash Disbursements</i>	<u>150,904</u>	<u>1,372,206</u>	<u>1,523,110</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(76,872)</u>	<u>(173,150)</u>	<u>(250,022)</u>
<i>Fund Cash Balances, January 1</i>	<u>344,193</u>	<u>2,009,408</u>	<u>2,353,601</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$267,321</u></u>	<u><u>\$1,836,258</u></u>	<u><u>\$2,103,579</u></u>

See accompanying notes to the basic financial statements

Jefferson Township

Fayette County

*Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*

Fiduciary Fund Type

For the Year Ended December 31, 2021

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose Trust</u>
<i>Total Additions</i>	<u>\$0</u>
<i>Total Deductions</i>	<u>0</u>
<i>Net Change in Fund Balances</i>	0
<i>Fund Cash Balances, January 1</i>	<u>1,625</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,625</u></u>

See accompanying notes to the basic financial statements

Jefferson Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Jefferson Township, Fayette 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, cemetery maintenance, and fire protection. The Township contracts with the Fayette County EMS to provide to provide ambulance services in 2021 as well.

Public Entity Risk Pools

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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, and a statement of additions, deductions and changes in fund balances (regulatory cash basis) for the fiduciary fund type 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:

Fire & Rescue Ambulance EMS Service Fund The fire & rescue ambulance EMS service fund accounts for and reports the receipt of property taxes and charges for services for the purpose of providing fire & EMS services to Township residents.

Fiduciary Fund The fiduciary fund is a private purpose trust fund. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township’s own programs. The cemetery trust fund accounts for and reports the funds held in trust for specific uses in the cemetery. Only the interest earnings can be expended on select individuals.

Jefferson Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 (except certain custodial funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 canceled and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

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.

Leases

The Township is the lessee in various leases (as defined by GASB 87) related to vehicles, and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

Jefferson Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 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 11.

Jefferson Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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	\$74,019	\$74,032	\$13
Special Revenue	1,194,099	1,199,056	4,957
Total	\$1,268,118	\$1,273,088	\$4,970

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$399,037	\$150,904	\$248,133
Special Revenue	3,151,193	1,372,206	1,778,987
Total	\$3,550,230	\$1,523,110	\$2,027,120

Note 4 – Deposits and Investments

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

	2021
Demand deposits	\$2,104,704
Savings Bond	500
Total deposits	\$2,105,204

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 does not have any unremitted employee payroll withholdings.

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.

Jefferson Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). 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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All 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 health care and survivor and disability benefits.

Jefferson Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2021

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

OPERS offers 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.

Note 9 – Debt

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

	Principal	Interest Rate
Tanker Lease	\$660,765	2.480%
US Bank Lease - Ambulance	104,876	4.160%
Emergency Service Improvements Bonds, Series 2020	457,689	3.540%
Total	\$1,223,330	

In February 2020, the Township issued emergency services improvement bonds in the amount of \$350,000 and added an additional \$150,000 for a total of \$500,000 in bonds to improve their Emergency Services. The bond was issued through the US Department of Treasury. The Township expects to repay these bonds from the EMS fund.

Leases

In August 2019, the Township entered into a lease for purchase of a new ambulance vehicle. The lease was issued in the amount of \$247,000 from US Bank. Payments of \$55,733 are due on August 1 of each year with a maturity date of August 1, 2023. The ambulance serves as collateral on the lease.

In July 2021, the Township entered into a lease for the purchase of a new Pumper Tanker. The lease was issued for \$660,765 from Leasing 2, Inc. Payments of \$83,540 are due on November 25 of each year with a maturity date of November 25, 2030. The Pumper Tanker serves as collateral on the lease.

Jefferson Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Amortization

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

Year Ending	Tanker Lease	Horton Ambulance Lease	Emergency Services Bond 2020
December 31:			
2022	\$83,540	\$55,733	\$60,425
2023	83,540	55,732	60,425
2024	83,540	0	60,425
2025	83,540	0	60,425
2026	83,540	0	60,425
2027-2030	334,162	0	241,699
Total	\$751,862	\$111,465	\$543,824

Note 10 – Contingent Liabilities

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township’s financial condition.

Note 11 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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 Township had none of the above fund balances nor encumbrances.

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

Note 12 – 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 funding, either federal or state, cannot be estimated.

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Jefferson Township*Fayette County, Ohio**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	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$50,376	\$1,003,252	\$1,053,628
Charges for Services	0	92,810	92,810
Licenses, Permits and Fees	0	13,626	13,626
Intergovernmental	19,018	269,824	288,842
Earnings on Investments	202	796	998
Miscellaneous	236,147	31,144	267,291
<i>Total Cash Receipts</i>	<u>305,743</u>	<u>1,411,452</u>	<u>1,717,195</u>
Cash Disbursements			
Current:			
General Government	154,322	12,078	166,400
Public Safety	0	928,760	928,760
Public Works	1,492	296,406	297,898
Health	9,987	15,131	25,118
Conservation-Recreation	1,500	0	1,500
Capital Outlay	19,318	12,335	31,653
Debt Service:			
Principal Retirement	0	79,776	79,776
Interest and Fiscal Charges	0	18,303	18,303
<i>Total Cash Disbursements</i>	<u>186,619</u>	<u>1,362,789</u>	<u>1,549,408</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>119,124</u>	<u>48,663</u>	<u>167,787</u>
<i>Fund Cash Balances, January 1</i>	<u>225,069</u>	<u>1,960,745</u>	<u>2,185,814</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$344,193</u></u>	<u><u>\$2,009,408</u></u>	<u><u>\$2,353,601</u></u>

See accompanying notes to the basic financial statements

Jefferson Township

Fayette County

*Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*

Fiduciary Fund Type

For the Year Ended December 31, 2020

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose Trust</u>
<i>Total Additions</i>	<u>\$0</u>
<i>Total Deductions</i>	<u>0</u>
<i>Net Change in Fund Balances</i>	0
<i>Fund Cash Balances, January 1</i>	<u>1,625</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,625</u></u>

See accompanying notes to the basic financial statements

Jefferson Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

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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

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Fiduciary Fund The fiduciary fund is a private purpose trust fund. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township’s own programs. The cemetery trust fund accounts for and reports the funds held in trust for specific uses in the cemetery. Only the interest earnings can be expended on select individuals.

Jefferson Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Basis of Accounting

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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 (except certain custodial funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 canceled and reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

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.

Leases

The Township is the lessee in various leases (as defined by GASB 87) related to vehicles, and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

Jefferson Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 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 11.

Jefferson Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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	\$305,726	\$305,743	\$17
Special Revenue	1,411,287	1,411,452	165
Total	\$1,717,013	\$1,717,195	\$182

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$290,205	\$186,619	\$103,586
Special Revenue	3,239,277	1,362,789	1,876,488
Total	\$3,529,482	\$1,549,408	\$1,980,074

Note 4 – Deposits and Investments

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

	2020
Demand deposits	\$2,354,726
Savings Bond	500
Total deposits	\$2,355,226

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 does not have any unremitted employee payroll withholdings.

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.

Jefferson Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). 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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All 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 health care and survivor and disability benefits.

Jefferson Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 8 – Postemployment Benefits

OPERS offers 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.

Note 9 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
US Bank Lease - Ambulance	\$154,194	4.160%
Emergency Service Improvements Bonds, Series 2020	500,000	3.540%
Total	\$654,194	

In February 2020, the Township issued emergency services improvement bonds in the amount of \$350,000 and added an additional \$150,000 for a total of \$500,000 in bonds to improve their Emergency Services. The bond was issued through the US Department of Treasury. The Township expects to repay these bonds from the EMS fund.

Leases

In August 2019, the Township entered into a lease for purchase of a new ambulance vehicle. The lease was issued in the amount of \$247,000 from US Bank. Payments of \$55,733 are due on August 1 of each year with a maturity date of August 1, 2023. The ambulance serves as collateral on the lease.

Jefferson Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Amortization

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

Year Ending December 31:	Horton Ambulance Lease	Emergency Services Bond 2020
2021	\$55,733	\$60,425
2022	55,733	60,425
2023	55,733	60,425
2024	0	60,425
2025	0	60,425
2026-2030	0	302,125
Total	\$167,199	\$604,250

Note 10 – Contingent Liabilities

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township’s financial condition.

Note 11 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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 Township had none of the above fund balances nor encumbrances.

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

Note 12 – Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. There was no effect on the beginning fund balance.

Jefferson Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 13 – 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 2020, 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 funding, either federal or state, cannot be estimated.

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

Jefferson Township
Fayette County
28 South Main Street
Jeffersonville, Ohio 43128

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements of Jefferson Township, Fayette County, (the Township) and have issued our report thereon dated June 22, 2023, 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 purpose of expressing our opinion 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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
June 22, 2023

**JEFFERSON TOWNSHIP
FAYETTE COUNTY
28 SOUTH MAIN STREET
JEFFERSONVILLE, OHIO 43128**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2021 and 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Posting errors	Partially Corrected	The ambulance lease error resulting in the finding level comment was corrected, however, there were posting errors which resulted in a management letter comment for the current audit period.
2019-002	Controls over the EMS billing service organization, Medical Claims Assistance (MCA)	Corrected	
2019-003	Lack of SOC 1 Type 2 report and Township controls over the service organization, Fire Recovery Services LLC	Corrected	The Township implemented compensating controls related to collections received through Fire Recovery Services LLC. The revenue source is immaterial to the Township.
2019-004	Finding for Recovery for county money paid to Township that was meant for Village of Jeffersonville	Corrected	Repaid under audit

OHIO AUDITOR OF STATE KEITH FABER



JEFFERSON TOWNSHIP

FAYETTE 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 7/25/2023

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