



OHIO AUDITOR OF STATE
KEITH FABER



**FAIRFIELD TOWNSHIP
BUTLER COUNTY
DECEMBER 31, 2022**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Summary Schedule of Prior Audit Findings (Prepared by Management)	17

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Fairfield Township, Butler County, Ohio (the Township), which comprises the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2022, 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, 2022, 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.

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 February 5, 2024, 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
February 5, 2024

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, 2022

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 142,680	\$ 5,914,616	\$ -	\$ 6,057,296
Charges for Services	-	651,951	-	651,951
Licenses, Permits and Fees	487,510	22,650	-	510,160
Fines and Forfeitures	-	478	-	478
Intergovernmental	404,173	2,994,074	-	3,398,247
Special Assessments	-	155,295	-	155,295
Payments in Lieu of Taxes	-	3,508,042	327,207	3,835,249
Earnings on Investments	180,425	27,275	-	207,700
Miscellaneous	18,645	155,194	-	173,839
<i>Total Cash Receipts</i>	<u>1,233,433</u>	<u>13,429,575</u>	<u>327,207</u>	<u>14,990,215</u>
Cash Disbursements				
Current:				
General Government	1,226,185	1,031,142	-	2,257,327
Public Safety	-	6,811,809	-	6,811,809
Public Works	11,085	1,331,179	-	1,342,264
Human Services	1,733	382,323	-	384,056
Conservation/Recreation	10,376	-	-	10,376
Capital Outlay	14,113	510,266	-	524,379
Debt Service:				
Principal Retirement	-	1,779,160	183,840	1,963,000
Interest and Fiscal Charges	-	192,888	-	192,888
<i>Total Cash Disbursements</i>	<u>1,263,492</u>	<u>12,038,767</u>	<u>183,840</u>	<u>13,486,099</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(30,059)</u>	<u>1,390,808</u>	<u>143,367</u>	<u>1,504,116</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	-	39,259	-	39,259
Transfers-In	-	5,000	-	5,000
Transfers-Out	(5,000)	-	-	(5,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,000)</u>	<u>44,259</u>	<u>-</u>	<u>39,259</u>
<i>Net Change in Fund Cash Balances</i>	(35,059)	1,435,067	143,367	1,543,375
<i>Fund Cash Balances, January 1</i>	<u>7,013,294</u>	<u>10,520,802</u>	<u>854,454</u>	<u>18,388,550</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 6,978,235</u>	<u>\$ 11,955,869</u>	<u>\$ 997,821</u>	<u>\$ 19,931,925</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, 2022

Note 1 - Reporting Entity

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

Blended Component Unit

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

Jointly Governed Organizations and Public Entity Risk Pool

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

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Fairfield Township
Butler County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

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

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

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

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

A summary of 2022 budgetary activity appears in Note 3.

Fairfield Township
Butler County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

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, 2022

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

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,142,000	\$ 1,233,433	\$ 91,433
Special Revenue	12,727,759	13,468,834	741,075
Capital Projects	300,000	327,207	27,207
Total	\$ 14,169,759	\$ 15,029,474	\$ 859,715

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,463,628	\$ 1,268,492	\$ 2,195,136
Special Revenue	17,998,132	12,059,959	5,938,173
Capital Projects	983,840	183,840	800,000
Total	\$ 22,445,600	\$ 13,512,291	\$ 8,933,309

Activity of the Fairfield Township Community Improvement Corporation, a blended component unit of the Township, is not presented in the data above. The CIC had \$5,000 of receipts and total expenditures of \$5,045 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, 2022 are as follows:

Cash Management Pool:	
Demand deposits	\$ 4,578,450
Other time deposits (savings and ICS accounts)	15,349,993
Demand deposits - CIC	3,482
Total deposits	\$19,931,925

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, 2022, the Township is holding \$102,889 in unremitted employee payroll withholdings.

Fairfield Township
Butler County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 2022 were due to the County by February 28. If the property owner elects to pay semiannually, the first half was due February 28. The second half payment was due the following August 31.

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

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

Note 6 - Interfund Transfers

During 2022, the General fund transferred \$5,000 to the Fairfield Township Community Improvement Corporation Fund to support continuing activities.

Note 7 - Risk Management

Risk Pool Membership

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

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

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

	<u>2022</u>
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

Fairfield Township
Butler County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS local members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. OPERS law enforcement members contribute 13 percent of their gross salaries and the Township contributed an amount equaling 18.1 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

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, 2022.

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, 2022.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022. 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, 2022

Note 10 - Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Various Purpose Refunding Bonds, Series 2014	\$ 750,000	1.00% - 4.25%
Various Purpose Refunding Bonds, Series 2016	1,325,000	3.00% - 4.00%
Various Purpose Refunding Bonds, Series 2019	780,000	2.05%
Limited Tax General Obligation Bonds, Series 2020	2,562,000	1.99%
	<u>\$ 5,417,000</u>	

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

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

During 2009, the Township entered into a joint venture with the City of Hamilton and Butler County on the By-Pass 4 Recovery Zone Transportation Improvement District (TID) debt issuance. By-Pass 4, General Obligation Bonds, Series 2009 were issued for a total of \$7,275,000, of which the Township was responsible for a portion totaling \$2,860,000. During 2019, the joint venture issued \$4,147,000 of Various Purpose Refunding Bonds, Series 2019, of which the Township was responsible for a portion totaling \$1,884,000. Proceeds were used to retire the remaining outstanding balance of \$1,845,000 of the Series 2009 Bonds. The Series 2019 bonds will be repaid in yearly installments, with interest at a rate of 2.05 percent.

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

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

Fairfield Township
Butler County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

Year ending December, 31:	Various Purpose Refunding Bonds, Series 2014	Various Purpose Refunding Bonds, Series 2016	Various Purpose Refunding Bonds, Series 2019	Limited Tax General Obligation Bonds, Series 2020	Total
2023	\$ 395,963	\$ 295,150	\$ 400,945	\$ 1,054,988	\$ 2,147,046
2024	401,363	295,350	401,549	1,055,810	2,154,072
2025	-	295,150	-	528,204	823,354
2026	-	294,550	-	-	294,550
2027	-	293,550	-	-	293,550
2028-2029	-	-	-	-	-
Total	<u>\$ 797,326</u>	<u>\$ 1,473,750</u>	<u>\$ 802,494</u>	<u>\$ 2,639,002</u>	<u>\$ 5,712,572</u>

In addition to the debt described above, the Township has defeased certain debt issues from prior years. Debt principal outstanding at December 31, 2022 was \$2,500,000. This disclosure does not include the related defeased debt or assets, since trusteed assets should provide sufficient resources to retire the debt.

Note 11 - Jointly Governed Organizations

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

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

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

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

Note 12 - Contingent Liabilities

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.

Fairfield Township
Butler County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 13 – Fund Balances

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

<u>Fund Balances</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$ 26,237	\$ 26,237
<i>Total</i>	<u>\$ 26,237</u>	<u>\$ 26,237</u>

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds would include the outstanding encumbrances.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



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

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

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

To the Board of Trustees:

We have audited, in accordance with 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 combined total as of and for the year ended December 31, 2022, and the related notes to the financial statements of Fairfield Township, Butler County, Ohio (the Township), and have issued our report thereon dated February 5, 2024 wherein we noted the Township followed financial reporting provisions which Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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*.

Efficient • Effective • Transparent

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
February 5, 2024



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Material weakness due to cash reconciliation and not properly reporting certain revenues	Partially corrected	Repeated as a Management Letter Comment

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 2/20/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov