



OHIO AUDITOR OF STATE  
**KEITH FABER**





**JEFFERSON TOWNSHIP  
WILLIAMS COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

Jefferson Township  
Williams County  
09991 County Road 16  
Bryan, Ohio 43506-9781

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 and proprietary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of Jefferson Township, Williams 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 such 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 December 31, 2019, and the respective changes in financial position or cash flows thereof for the years then ended.

***Basis for Additional Opinion Qualification***

The Township omitted a comparison of assets with actuarial liabilities from its self-insurance note disclosures as of December 31, 2019. We were unable to obtain sufficient appropriate audit evidence for these amounts. Consequently, we were unable to determine the adequacy of the Township's self-insurance note disclosures for the year ended December 31, 2019.

***Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, 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 9 to the financial statements, 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 28, 2021

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**Jefferson Township**  
*Williams 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	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$86,961	\$156,017		\$242,978
Licenses, Permits and Fees	6,418	27,220		33,638
Intergovernmental	35,894	269,396		305,290
Special Assessments		2,448		2,448
Earnings on Investments	5,452	3,758		9,210
Miscellaneous	10,006	11,898		21,904
<i>Total Cash Receipts</i>	<u>144,731</u>	<u>470,737</u>		<u>615,468</u>
<b>Cash Disbursements</b>				
Current:				
General Government	184,006	90,054		274,060
Public Safety		63,212		63,212
Public Works	5,432	191,067		196,499
Health		38,530		38,530
Capital Outlay	13,379	78,831		92,210
<i>Total Cash Disbursements</i>	<u>202,817</u>	<u>461,694</u>		<u>664,511</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(58,086)</u>	<u>9,043</u>		<u>(49,043)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		72,750		72,750
Transfers Out	(72,750)			(72,750)
Other Financing Uses		(27,432)		(27,432)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(72,750)</u>	<u>45,318</u>		<u>(27,432)</u>
<i>Net Change in Fund Cash Balances</i>	(130,836)	54,361		(76,475)
<i>Fund Cash Balances, January 1</i>	<u>245,130</u>	<u>769,168</u>	<u>\$13,222</u>	<u>1,027,520</u>
<i>Fund Cash Balances, December 31</i>	<u>\$114,294</u>	<u>\$823,529</u>	<u>\$13,222</u>	<u>\$951,045</u>

*See accompanying notes to the basic financial statements*

**Jefferson Township**  
*Williams County, Ohio*  
*Statement of Receipts, Disbursements*  
*and Changes in Fund Balance (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2020*

	Proprietary Fund Type
	Internal Service
<b>Operating Cash Receipts</b>	
Miscellaneous	\$360
<b>Operating Cash Disbursements</b>	
Employee Fringe Benefits	2,939
<i>Net Change in Fund Cash Balance</i>	(2,579)
<i>Fund Cash Balance, January 1</i>	3,411
<i>Fund Cash Balance, December 31</i>	\$832

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

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Jefferson Township, Williams County, Ohio (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 and cemetery maintenance. The Township contracts with the City of Bryan, the Village of Montpelier, Brady Township and Madison Township to provide fire services.

***Public Entity Risk Pool***

The Township participates in the Ohio Township Authority Risk Management Authority public entity risk pool. Note 6 to the financial statements provide 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 receipts, disbursements and changes in fund balance (regulatory cash basis) for the proprietary fund type which are all 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:

***Cemetery Fund*** This fund receives cemetery lot monies, burial fees and foundation monies to help maintain the up keep of the cemetery.

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***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:

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

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***Miscellaneous Capital Projects – CDBG Fund*** The Township received a grant from the State of Ohio through Williams County for the purpose of paving streets in the Sunset View Addition and to remove six mobile homes.

***Internal Service Fund*** This fund accounts for services provided by one department to other departments of the government unit. The Township had the following Internal Service Fund:

***Self-funded Insurance Dental Fund*** The self-funded insurance dental fund accounts for insurance premium payments from the General fund to pay medical claims of employees enrolled in the dental insurance plan.

***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.

***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.

The Township values certificates of deposit at cost.

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

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***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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 10.

**Jefferson Township**  
*Williams 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	\$154,326	\$144,731	(\$9,595)
Special Revenue	504,502	543,487	38,985
Internal Service		360	360
<b>Total</b>	<b>\$658,828</b>	<b>\$688,578</b>	<b>\$29,750</b>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$372,250	\$276,361	\$95,889
Special Revenue	740,366	489,987	250,379
Internal Service	3,000	2,939	61
<b>Total</b>	<b>\$1,115,616</b>	<b>\$769,287</b>	<b>\$346,329</b>

**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 are as follows:

	2020
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$848,728
Certificates of deposit	103,149
Total carrying amount of deposits and investments held in the Pool	\$951,877

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 \$2,928 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

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

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**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 exposed to various risks of property and casualty losses and injured to employees.

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

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Management***

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

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

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

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

***Self-Insurance***

The Township was self-insured for employee dental coverage through December 31, 2019. The Self Insurance Fund was used during 2020 to pay remaining outstanding claims to service providers, and recover these costs from charges to other funds based on an actuarially determined cost per employee.

**Note 7 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

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.

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 – 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 may impact subsequent periods of the Township. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



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

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During 2020, the Township received CARES Act funding. Of the amounts received, \$88,746 was sub-granted to other governments and organization, none of this was returned to the granting agency. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

**Note 10 – 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 facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$794	\$861	\$1,655

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 11 - Compliance**

Contrary to Ohio Rev. Code § 5705.10(D), the Township recorded hotel/motel tax revenues in the wrong fund.

**Jefferson Township**  
*Williams 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, 2019*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$119,063	\$187,265		\$306,328
Licenses, Permits and Fees	6,502	20,329		26,831
Intergovernmental	31,342	140,962		172,304
Special Assessments		2,527		2,527
Earnings on Investments	9,808	11,434		21,242
Miscellaneous	16,670	15,635		32,305
<i>Total Cash Receipts</i>	<u>183,385</u>	<u>378,152</u>		<u>561,537</u>
<b>Cash Disbursements</b>				
Current:				
General Government	182,795	824		183,619
Public Safety		58,442		58,442
Public Works	7,924	133,108		141,032
Health		40,006		40,006
Capital Outlay	24,907	7,163		32,070
<i>Total Cash Disbursements</i>	<u>215,626</u>	<u>239,543</u>		<u>455,169</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(32,241)</u>	<u>138,609</u>		<u>106,368</u>
<b>Other Financing Disbursements</b>				
Other Financing Uses		(58,639)		(58,639)
<i>Net Change in Fund Cash Balances</i>	(32,241)	79,970		47,729
<i>Fund Cash Balances, January 1</i>	<u>277,371</u>	<u>689,198</u>	<u>\$13,222</u>	<u>979,791</u>
<i>Fund Cash Balances, December 31</i>				
<i>Restricted</i>		402,783	13,222	416,005
<i>Committed</i>		366,385		366,385
<i>Assigned</i>	217,924			217,924
<i>Unassigned</i>	27,206			27,206
<i>Fund Cash Balances, December 31</i>	<u>\$245,130</u>	<u>\$769,168</u>	<u>\$13,222</u>	<u>\$1,027,520</u>

**Jefferson Township**  
*Williams County, Ohio*  
*Statement of Receipts, Disbursements*  
*and Changes in Fund Balance (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2019*

	Proprietary Fund Type
	Internal Service
<b>Operating Cash Receipts</b>	
Miscellaneous	\$2,603
<b>Operating Cash Disbursements</b>	
Employee Fringe Benefits	6,677
<i>Net Change in Fund Cash Balances</i>	(4,074)
<i>Fund Cash Balance, January 1</i>	7,485
<i>Fund Cash Balance, December 31</i>	\$3,411

**Jefferson Township**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Jefferson Township, Williams County, Ohio (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 and cemetery maintenance. The Township contracts with the City of Bryan, the Village of Montpelier, Brady Township and Madison Township to provide fire services.

***Public Entity Risk Pools***

The Township participates in the Ohio Township Authority Risk Management Authority public entity risk pool. Note 6 to the financial statements provide 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 combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are all 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:

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Fire Levy Fund*** This fund receives property tax money to pay for the fire runs within the Township. The fund also receives money for reimbursement of fire runs for nonresidents.

***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 Projects Fund:

**Jefferson Township**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

***Miscellaneous Capital Projects – CDBG Fund*** The Township received a grant from the State of Ohio through Williams County for the purpose of paving streets in the Sunset View Addition and to remove six mobile homes.

***Internal Service Fund*** This fund accounts for services provided by one department to other departments of the government unit. The Township had the following Internal Service Fund:

***Self-funded Insurance Dental Fund*** This fund receives insurance premium payments from the General fund to pay dental claims to officials and employees enrolled in the dental insurance plan.

***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 2019 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.

The Township values certificates of deposit at cost.

**Jefferson Township**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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.

**Jefferson Township**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 3 – Budgetary Activity**

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$182,840	\$183,385	\$545
Special Revenue	377,337	378,152	815
Internal Service	2,603	2,603	
<b>Total</b>	<b>\$562,780</b>	<b>\$564,140</b>	<b>\$1,360</b>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$314,671	\$216,471	\$98,200
Special Revenue	614,672	299,002	315,670
Internal Service	9,000	6,677	2,323
<b>Total</b>	<b>\$938,343</b>	<b>\$522,150</b>	<b>\$416,193</b>

**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 are as follows:

	2019
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$930,757
Certificates of deposit	100,173
<b>Total deposits</b>	<b>\$1,030,931</b>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**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.

**Jefferson Township**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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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**

***Workers’ Compensation***

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Management***

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

***Self-Insurance***

The Township is also self-insured for employee dental coverage. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined cost per employee. The Township elected to discontinue the program as of December 31, 2019. Contrary to Ohio Law, the Township did not obtain an actuarially measured liability as of December 31, 2019.



**Jefferson Township**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 7 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

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.

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, 2019.

**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 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 9 – 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 may impact subsequent periods of the Township. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 10 – Compliance**

Contrary to Ohio Rev. Code § 5705.10(D), the Township recorded hotel/motel tax revenues in the wrong fund.

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NorthwestRegion@ohioauditor.gov

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

Jefferson Township  
Williams County  
09991 County Road 16  
Bryan, Ohio 43506-9781

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 and proprietary by fund type combined total as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019 and related notes of Jefferson Township, Williams County, Ohio, (the Township) and have issued our report thereon dated June 28, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We qualified our opinion on the related notes to the financial statements because the Township omitted from its self-insurance note disclosures a comparison of assets with actuarial liabilities for its self-insurance dental fund at December 31, 2019. In addition, we also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township’s internal control over financial reporting (internal control) as a basis for designing 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 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 through 2020-003 to be material weaknesses.

***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 statement. 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2020-002 and 2020-003.

***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.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 28, 2021

**JEFFERSON TOWNSHIP  
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 requires, in part and codified as GASB Cod 1800.165-.179) fund balances be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The following errors were identified in the accompanying the financial statements and notes to the financial statements:

- In 2019, General fund subsequent year appropriations in excess of estimated receipts were incorrectly classified as unassigned fund balance instead of assigned fund balance in the amount of \$217,924.
- In 2020, the Fund Balance note to the financial statements was omitted from the Township's Hinkle Annual Financial Date Reporting System filing which is discussed in Auditor to State Bulletin 2020-008.

These errors were not identified and corrected prior to the Township preparing its financial statements due to deficiencies in the Township's internal controls over financial statement monitoring. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors. Failing to prepare accurate financial statements could lead the Board or financial statement user to make misinformed decisions. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$845 to \$6,138 that we have brought to the Township's attention.

To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Township Trustees, to help identify and correct errors and omissions. In addition, the Fiscal Officer should review Ohio Auditor of State Audit Bulletin 2011-004 for guidance on GASB Statement No. 54 to help ensure that all accounts are being properly posted to the financial statements.

## FINDING NUMBER 2020-002

### Noncompliance and Material Weakness

**Ohio Rev. Code § 9.833(C)(1)** requires individual, self-insured governments to reserve such funds as are necessary, in the exercise of sound and prudent actuarial judgment, to cover potential costs of health care benefits for the officers and employees of the political subdivision. A financial statement and a report of aggregate amounts so reserved and aggregate disbursements made from such funds, together with a written report of a member of the American academy of actuaries certifying whether the amounts reserved conform to the requirements of this division, are computed in accordance with accepted loss reserving standards, and are fairly stated in accordance with sound loss reserving standards, and are fairly stated in accordance with sound loss reserving principles, shall be prepared and maintained, within ninety days after the last day of the fiscal year of the entity for which the report is provided for that fiscal year, in the office of the program administrator.

The Township did not obtain or prepare the required report for 2019. The Township discontinued the self-insurance program as of December 31, 2019. In addition, the accompanying notes to the financial statements omit a comparison of assets with actuarial liabilities as required by the Township's reporting framework for 2019. These amounts cannot be determined at this time and are presumed to be material. As a result, we qualified our audit opinion due to the omission of the disclosure as of December 31, 2019.

The Township should put procedures in place to ensure that the required report is prepared each year, including the appropriate actuary's certification.

## FINDING NUMBER 2020-003

### Noncompliance and Material Weakness

**Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Township inappropriately recorded \$27,432 and \$58,639 of Hotel/Motel tax revenue in the Agency Fund in 2020 and 2019, respectively. Given the source of the revenue, this should have been recorded in a Permissive Sales Tax Fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Township should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

### Officials' Response:

We did not receive a response from Officials to the findings reported above.

**Jefferson Township  
09991 Co Rd 16  
Bryan, OH 43506**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and repeated as Finding 2020-001 in this report.	Recurrence occurred due to inadequate policies and procedures in reviewing the financial statements and accounting records throughout the audit period. Township Trustees will perform detailed reviews of financial information to ensure monies are properly posted.
2018-002	Ohio Rev. Code § 9.833(C)(1) for preparation of required report for self-insurance and omitting a comparison of assets with actuarial liabilities.	Not corrected and repeated as Finding 2020-002 in this report.	Recurrence occurred due to inadequate policies and procedures in reviewing the financial statements and accounting records throughout the audit period. Township Trustees will perform detailed reviews of financial information to ensure monies are properly posted.

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# OHIO AUDITOR OF STATE KEITH FABER



**JEFFERSON TOWNSHIP**

**WILLIAMS 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 7/27/2021**

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](http://www.ohioauditor.gov)