

JEFFERSON TOWNSHIP
MONTGOMERY COUNTY, OHIO
REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2023





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Columbus, Ohio 43215
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Board of Trustees
Jefferson Township
One Business Park Drive
Dayton, Ohio 45417

We have reviewed the *Independent Auditor's Report* of Jefferson Township, Montgomery County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2023, through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Jefferson Township is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

June 13, 2025

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JEFFERSON TOWNSHIP
MONTGOMERY COUNTY

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INDEPENDENT AUDITOR'S REPORT

Jefferson Township
Montgomery County
One Business Park
Dayton, Ohio 45417

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, Montgomery County, Ohio (the Township), which comprise the cash balances, receipts and disbursements for each governmental and the fiduciary fund type as of and for the year ended December 31, 2023, 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 and the fiduciary fund type as of and for the year ended December 31, 2023, 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, 2023, 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 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

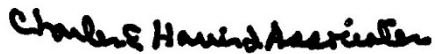
- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 April 11, 2025, 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.



Charles E. Harris & Associates, Inc.

April 11, 2025

**JEFFERSON TOWNSHIP
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 107,632	\$ 2,374,939	\$ -	\$ 2,482,571
Charges for Services	-	168,259	-	168,259
Licenses, Permits and Fees	58,790	-	-	58,790
Fines and Forfeitures	3,687	-	-	3,687
Intergovernmental	89,012	675,158	1,429	765,599
Special Assessments	281,226	96,223	-	377,449
Earnings on Investments	1,663	3,329	-	4,992
Miscellaneous	24,808	35,012	-	59,820
<i>Total Cash Receipts</i>	<u>566,818</u>	<u>3,352,920</u>	<u>1,429</u>	<u>3,921,167</u>
Cash Disbursements				
Current:				
General Government	522,065	105,942	-	628,007
Public Safety	-	2,297,140	10,678	2,307,818
Public Works	-	1,040,406	-	1,040,406
Health	-	2,567	-	2,567
Capital Outlay	-	162,753	-	162,753
Debt Service:				
Principal Retirement	-	59,071	69,695	128,766
Interest and Fiscal Charges	-	25,974	6,971	32,945
<i>Total Cash Disbursements</i>	<u>522,065</u>	<u>3,693,853</u>	<u>87,344</u>	<u>4,303,262</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>44,753</u>	<u>(340,933)</u>	<u>(85,915)</u>	<u>(382,095)</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	-	-	4,635	4,635
Transfers In	-	250,000	-	250,000
Transfers Out	(250,000)	-	-	(250,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(250,000)</u>	<u>250,000</u>	<u>4,635</u>	<u>4,635</u>
<i>Net Change in Fund Cash Balances</i>	<u>(205,247)</u>	<u>(90,933)</u>	<u>(81,280)</u>	<u>(377,460)</u>
<i>Fund Cash Balances, January 1</i>	<u>525,898</u>	<u>2,218,719</u>	<u>282,747</u>	<u>3,027,364</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 320,651</u>	<u>\$ 2,127,786</u>	<u>\$ 201,467</u>	<u>\$ 2,649,904</u>

The notes to the financial statements are an integral part of this statement.

JEFFERSON TOWNSHIP
MONTGOMERY COUNTY

STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023

	Other Custodial
Additions	
Other Amounts Collected for Distribution	\$ 13,973
<i>Total Additions</i>	<u>13,973</u>
 Net Change in Fund Balances	 13,973
 <i>Fund Cash Balances, January 1</i>	 <u>6,079</u>
 <i>Fund Cash Balances, December 31</i>	 <u>\$ 20,052</u>

The notes to the financial statements are an integral part of this statement.

Jefferson Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Jefferson Township, Montgomery County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general governmental services, road and bridge maintenance, and fire protection and emergency medical services. The Township contracts with the Montgomery County Sheriff's Office to provide security of persons and property.

Public Entity Risk Pool

The Township participates in one public entity risk pool, Ohio Township Association Risk Management Authority (OTARMA), which provides property and casualty coverage for the Township. Note 6 to the financial statements provides additional information.

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 change in fund balance (regulatory cash basis) for the Township's fiduciary fund type which are 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:

Road and Bridge Fund This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Motor Vehicle License Tax Fund This fund receives motor vehicle registration money for constructing, maintaining, and repairing Township roads and bridges.

Police District Fund This fund receives property tax money to provide police protection for Township residents by contracting with the Montgomery County Sheriff's Office.

Fire/EMS Fund This fund receives property tax money and charges for services money to provide fire and EMS protection services to Township residents.

Jefferson Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Special Revenue Funds (Continued)

Lighting District Fund This fund receives special assessments money to provide street lighting throughout the Township.

American Rescue Plan Fund This fund is used to account for federal funding monies disbursed to aide with expenditures related to the COVID-19 pandemic.

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 funds:

Admin/Fire Building Capital Fund This fund received monies from note and bond proceeds, and these funds were utilized for the construction of a new Township building and fire station.

Fire/EMS Capital Improvement Capital Fund This fund receives transfers from the Fire/EMS Fund to acquire, construct, or improve Fire/EMS fixed assets.

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's custodial fund accounts for monies received from insurance companies and reimburses residents when their buildings are fixed.

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 Township 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 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.

Jefferson Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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 re-appropriated.

A summary of 2023 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.

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.

Leases and SBITAs

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.

The Township has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems. Subscription disbursements are recognized when they are paid.

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.

Jefferson Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 492,648	\$ 566,818	\$ 74,170
Special Revenue	3,297,650	3,602,920	305,270
Capital Projects	1,429	6,064	4,635

Budgeted vs. Actual Budgetary Disbursements			
Fund Type	Appropriations	Budgetary Disbursements	Variance
General Fund	\$ 983,192	\$ 773,959	\$ 209,233
Special Revenue	4,914,693	3,780,935	1,133,758
Capital Projects	110,434	87,344	23,090

Jefferson Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	<u>2023</u>
<u>Cash Management Pool</u>	
Demand Deposits	\$ 2,669,956

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, 2023, the Township is holding \$0 in 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.

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

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.

Jefferson Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 6 – Risk Management (Continued)

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, 2023:

	<u>2023</u>
Cash and investments	\$43,996,442
Actuarial liabilities	\$ 19,743,401

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Several employees of the Township 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-Local members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. OPERS-Public Safety members contributed 12% of their gross salaries and the Township contributed an amount equaling 18.1% of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

Two employees of the Township belong to the Ohio 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% of their wages. The Township contributed to OP&F an amount equal to 24% of the employees' wages. The Township has paid all contributions required through December 31, 2023.

Jefferson Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Defined Benefit Pension Plans (Continued)

Social Security

Several 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% of their gross salaries. The Township contributed an amount equal to 6.2% of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

Debt Issues	Principal	Interest Rate
Township Building Bonds	\$ 220,000	4.63%
Fire Station Bonds	147,000	4.63%
Interceptor/Ambulance Lease	146,207	3.20%
2020 Rosenbauer Pumper Truck Lease	246,489	2.87%
Total	<u>\$ 759,696</u>	

The Township issued the two General Obligation bonds to finance the construction of the Township building and fire station in the total amount of \$821,000. The bonds are scheduled to be repaid in 2033.

During 2020, the Township entered into a lease agreement to finance the purchase of a Ford Interceptor and the remounting of two ambulances, all to be used by the Fire Department. The amount financed for the lease was \$348,825 and is scheduled to be repaid in 2025.

During 2021, the Township entered into a lease-purchase agreement to purchase a Rosenbauer Pumper Truck for the Fire Department. The amount financed is \$299,725 and is scheduled to be repaid in 2031.

Jefferson Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt (Continued)

Amortization

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

Year Ending December 31:	Township Building Bonds	Fire Station Bonds	Inteceptor Ambulance Lease	2020 Rosenbauer Pumper Engine
2024	\$ 29,971	\$ 20,655	\$ 76,666	\$ 34,928
2025	29,895	20,655	76,660	34,928
2026	30,024	19,989	-	34,928
2027	32,024	21,341	-	34,928
2028	29,890	21,341	-	34,928
2029-2033	120,632	84,063	-	104,782
Total	<u>\$ 272,436</u>	<u>\$ 188,044</u>	<u>\$ 153,326</u>	<u>\$ 279,422</u>

Note 10 – Fund Balance

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:

	General Fund	Special Revenue Fund	Total
Encumbrances	\$ 1,894	\$ 87,082	\$ 88,976

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 include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned

Note 11 – Contingent Liabilities

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

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.

Jefferson Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 ended in April 2023. The Township will continue to spend available COVID-19 funding consistent with the applicable program guidelines

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

Jefferson Township
Montgomery County
One Business Parkway
Dayton, Ohio 45417

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and fiduciary fund type of Jefferson Township, Montgomery County, (the Township) as of and for the year ended December 31, 2023, and the related notes to the financial statements, and have issued our report thereon dated April 11, 2025, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2023-001 to 2023-002 that we consider to be material weaknesses.

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*.

We also noted certain other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 11, 2025.

Township's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying Corrective Action Plan. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the responses.

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.



Charles E. Harris & Associates, Inc.
April 11, 2025

**JEFFERSON TOWNSHIP
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING 2023-001 - Material Weakness

Financial Reporting - Posting Receipts and Disbursements

The Township should have procedures and controls in place to prevent and detect errors in financial reporting. During 2023, receipts and disbursements were not always posted or classified correctly. The following posting errors were noted:

- Homestead and Rollback was posted to property taxes instead of intergovernmental in the General, Road and Bridge, Police District, and Fire/EMS funds in the amount of \$19,332, \$47,776, \$115,968 and \$129,956; respectively;
- Insurance proceeds for \$13,973 held by the Township on behalf of the residents until the residents property is fixed was posted to the Private Purpose Trust Fund instead of the Other Custodial Fund;
- Federal Emergency Management Agency receipts, in the Fire/EMS fund for \$190,476 were posted to other miscellaneous non-operating revenue instead of federal intergovernmental revenue;
- Special assessment revenues, the Lighting District Fund for \$70,763 were posted intergovernmental;
- Insurance proceeds in the Fire/EMS fund for \$27,541 were posted to charges for services instead of other miscellaneous revenue;
- In the Police fund a refund of an overpayment which occurred in 2023 in the amount of \$146,235 was posted to special item revenue instead of a reduction of a current year disbursement;
- There were capital assets disposed of and intergovernmental revenues in the Capital Projects Fire/EMS Equipment fund in the amount of \$2,009 and \$1,419, respectively; that was posted to other – miscellaneous non-operating;
- There were duplicate receipts shown as deposits in the transit on the year end reconciliation for the amounts of \$150, \$800, and \$2,460 in the general, cemetery and American Rescue Plan funds; respectively;
- There were road department expenditures in the amount of \$6,745 posted the Fire/EMS fund in error;
- There was fire equipment purchased in the amount of \$61,583 and posted to the Fire/EMS fund when it should have been posted to the American Rescue Plan fund;
- For 90% of the non-payroll disbursements tested the expense was not posted to the proper object code.

Not posting receipts and disbursements correctly resulted in the financial statements requiring reclassification entries. The audited financial statements reflect all reclassifications.

Also, during 2023 aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures. We made corrections to the following note disclosures:

- Postemployment Benefits
- Fund Balance
- Debt
- Summary of Significant Accounting Policies

JEFFERSON TOWNSHIP
MONTGOMERY COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023

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

FINDING 2023-001 - Material Weakness (Continued)

Financial Reporting - Posting Receipts and Disbursements (Continued)

We recommend the Fiscal Officer refer to the Ohio Township Handbook, Uniform Accounting Network (UAN) Manual and other Auditor of State guidance to determine the proper establishment of disbursement accounts and proper posting. Also, to help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements and notes to the financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements. We recommend the Township use the most current available templates for financial statements and notes to the financial statements on the Auditor of State's website <http://www.ohioauditor.gov/references/shells/regulatory.html> to prepare an accurate annual financial report.

Management's Response – See Corrective Action Plan.

FINDING 2023-002 – Material Weakness

Timely Preparation of Bank Reconciliations

Cash is the asset most susceptible to theft and misappropriation. Monthly reconciliations between the bank and the accounting system provide reasonable assurance that all receipts and disbursements have been correctly and timely posted in the Township's accounting system and agreed to its bank accounts. Additionally, monthly reconciliations provide an accurate accounting of the Township's financial position at month-end, which is a useful tool for the Trustees to utilize in managing the monetary affairs of the Township.

During 2023, the monthly bank reconciliations for February to December 2023 were not completed until January and February of 2024.

Because the reconciliations were not completed timely, there were four fraudulent checks totaling \$5,804 which were presented and paid by the Township's financial institutions in April and May of 2024 that went unnoticed by the fiscal officer. This issue was presented to the Ohio Auditor of State Office for further consideration.

The Township should establish and implement procedures to verify that the monthly bank reconciliations are promptly performed within 30 days of month-end, and that the financial transactions reflected on the bank statements are properly posted to the accounting system. Failure to do so could lead to the Township spending money that it does not have, not detecting bank errors timely, and basing future decisions on an incorrect cash balance.

Management's Response – See Corrective Action Plan.

**JEFFERSON TOWNSHIP
MONTGOMERY COUNTY**

**SUMMARY SCHEDULE OF PRIOR FINDINGS –
PREPARED BY MANGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2023**

Finding Number	Finding Summary	Status	Additional Information
2022-001	Township receipts and disbursements were not recorded in accordance with the Uniform Accounting Network handbook.	Not Corrected	N/A
2022-002	The Township did not encumber expenditures in accordance with 5705.41(D).	Not Corrected	N/A

**JEFFERSON TOWNSHIP
MONTGOMERY COUNTY**

**CORRECTIVE ACTION PLAN - PREPARED BY MANAGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2023**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	Fiscal Officer will follow the guidance obtained during the current audit process to complete upcoming annual financial reports filed on the Hinkle System.	Immediately	Charlene Chattams – Fiscal Officer
2023-02	The fiscal officer will perform reconciliations within 30 days after month end.	Immediately	Charlene Chattams – Fiscal Officer

OHIO AUDITOR OF STATE KEITH FABER



JEFFERSON TOWNSHIP

MONTGOMERY 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 6/26/2025

65 East State 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