



OHIO AUDITOR OF STATE
KEITH FABER



**JEFFERSON TOWNSHIP
NOBLE COUNTY
DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

Jefferson Township
Noble County
38916 Sheep Skin Ridge Road
Lower Salem, Ohio 45745

To the Board of Trustees:

Report on the Audit of the Financial Statements

Qualified and Adverse Opinions

We have audited the financial statements of Jefferson Township, Noble County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Qualified 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* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes of Jefferson Township, Noble County, Ohio, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2022 and 2021, or the changes in financial position thereof for the years 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 adverse and qualified audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 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.

Basis for Additional Opinion Qualification

During prior audit periods from January 1, 2009 to December 31, 2010, and January 1, 2007 to December 31, 2008, the Township's audit report contained several Findings for Adjustment that have not been made by the Township as of the date of this report. The cumulative effect of these adjustments not made would decrease the General Fund cash balance by \$22,027 and increase the Special Revenue Fund cash balance by \$22,027. The Township declined to make these adjustments.

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 § 117.38 and Ohio Administrative Code 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 18, 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.



Keith Faber
Auditor of State
Columbus, Ohio

April 18, 2025

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Jefferson Township
Noble 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, 2022

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$6,736	\$13,233	\$19,969
Intergovernmental	13,227	172,820	186,047
Miscellaneous	0	200	200
<i>Total Cash Receipts</i>	<u>19,963</u>	<u>186,253</u>	<u>206,216</u>
Cash Disbursements			
Current:			
General Government	15,938	26,779	42,717
Public Safety	750	0	750
Public Works	0	127,756	127,756
Health	0	1,829	1,829
Debt Service:			
Principal Retirement	0	10,114	10,114
Interest and Fiscal Charges	0	2,183	2,183
<i>Total Cash Disbursements</i>	<u>16,688</u>	<u>168,661</u>	<u>185,349</u>
<i>Excess of Receipts Over Disbursements</i>	<u>3,275</u>	<u>17,592</u>	<u>20,867</u>
Other Financing Receipts			
Other Financing Sources	<u>745</u>	<u>0</u>	<u>745</u>
<i>Total Other Financing Receipts</i>	<u>745</u>	<u>0</u>	<u>745</u>
<i>Net Change in Fund Cash Balances</i>	<u>4,020</u>	<u>17,592</u>	<u>21,612</u>
<i>Fund Cash Balances, January 1</i>	<u>7,242</u>	<u>112,407</u>	<u>119,649</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$11,262</u></u>	<u><u>\$129,999</u></u>	<u><u>\$141,261</u></u>

See accompanying notes to the basic financial statements

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JEFFERSON TOWNSHIP
NOBLE COUNTY
Notes to the Financial Statement
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Jefferson Township, Noble County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Caldwell Volunteer Fire Department to provide fire services.

Public Entity Risk Pool

The Township participates in the Ohio Township Risk Management Authority (OTARMA), a public entity risk pool. Note 6 to the financial statement provides additional information for this entity. The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

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

JEFFERSON TOWNSHIP
NOBLE COUNTY
Notes to the Financial Statement
For the Year Ended December 31, 2022

Basis of Accounting

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

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (C) permit.

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2022 budgetary activity appears in Note 3.

Deposits

The Township pools all available funds of the Township in a checking account.

Capital Assets

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

Leases

The Township is the lessor in a lease (as defined by GASB 87) related to other equipment under noncancelable leases. Lease disbursements are recognized when they are paid.

JEFFERSON TOWNSHIP
NOBLE COUNTY
Notes to the Financial Statement
For the Year Ended December 31, 2022

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Note 3 – Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$19,568	\$20,708	\$1,140
Special Revenue	165,367	186,253	20,886
Total	<u>\$184,935</u>	<u>\$206,961</u>	<u>\$22,026</u>

JEFFERSON TOWNSHIP
NOBLE COUNTY
Notes to the Financial Statement
For the Year Ended December 31, 2022

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$51,117	\$16,688	\$34,429
Special Revenue	253,467	168,661	84,806
Total	<u>\$304,584</u>	<u>\$185,349</u>	<u>\$119,235</u>

Note 4 – Deposits

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

	2022
Demand deposits	<u>\$141,261</u>

The Township does not use a separate payroll clearing checking account. The expenditures included in the accompanying financial statement reflects net payroll plus all remitted payroll withholdings.

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.

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

Worker's 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
NOBLE COUNTY
Notes to the Financial Statement
For the Year Ended December 31, 2022

Risk Pool Membership

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

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

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

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All but two of the 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, 2022.

Social Security

Two of the Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

JEFFERSON TOWNSHIP
NOBLE COUNTY
Notes to the Financial Statement
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Financed Purchases

The Township entered into a financed purchase agreement for the purchase of a tractor where ownership of the underlying asset transfers to the Township by the end of the contract. The Township disbursed \$12,297 to pay these costs for the year ended December 31, 2022.

Amortization

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

Year Ending December 31:	Tractor Lease
2023	12,297
2024	12,297
2025	9,493
Total	<u>\$34,087</u>

Note 10 – Fund Balance

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spend for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the Township had no unclaimed monies, no permanent funds or encumbrances outstanding.

The fund balance of special revenue funds is either restricted or committed.

Jefferson Township
Noble County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$7,134	\$14,112	\$21,246
Intergovernmental	14,174	152,678	166,852
Miscellaneous	737	100	837
<i>Total Cash Receipts</i>	<u>22,045</u>	<u>166,890</u>	<u>188,935</u>
Cash Disbursements			
Current:			
General Government	13,442	30,455	43,897
Public Safety	12,450	0	12,450
Public Works	0	124,348	124,348
Health	0	4,500	4,500
Other	0	20,000	20,000
Debt Service:			
Principal Retirement	0	10,114	10,114
Interest and Fiscal Charges	0	2,183	2,183
<i>Total Cash Disbursements</i>	<u>25,892</u>	<u>191,600</u>	<u>217,492</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,847)</u>	<u>(24,710)</u>	<u>(28,557)</u>
Other Financing Receipts			
Other Financing Sources	926	0	926
<i>Total Other Financing Receipts (Disbursements)</i>	<u>926</u>	<u>0</u>	<u>926</u>
<i>Net Change in Fund Cash Balances</i>	<u>(2,921)</u>	<u>(24,710)</u>	<u>(27,631)</u>
<i>Fund Cash Balances, January 1, Restated</i>	<u>10,163</u>	<u>137,117</u>	<u>147,280</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$7,242</u></u>	<u><u>\$112,407</u></u>	<u><u>\$119,649</u></u>

See accompanying notes to the basic financial statements

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JEFFERSON TOWNSHIP
NOBLE COUNTY
Notes to the Financial Statement
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Jefferson Township, Noble County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Caldwell Volunteer Fire Department to provide fire services.

Public Entity Risk Pool

The Township participates in the Ohio Township Risk Management Authority (OTARMA), a public entity risk pool. Note 7 to the financial statement provides additional information for this entity. The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

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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.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

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

JEFFERSON TOWNSHIP
NOBLE COUNTY
Notes to the Financial Statement
For the Year Ended December 31, 2021

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 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. Appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 4.

Deposits

The Township pools all available funds of the Township in a checking account.

Capital Assets

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

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:

JEFFERSON TOWNSHIP
NOBLE COUNTY
Notes to the Financial Statement
For the Year Ended December 31, 2021

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Restatement of Fund Balance

The Township posted adjustments from prior audits to the General and Special Revenue Funds as follows:

	<u>General</u>	<u>Special Revenue</u>
Fund Balances, December 31, 2020	\$31,490	\$115,790
Prior Audit Adjustments Posted by Township	<u>(21,327)</u>	<u>21,327</u>
Adjusted Fund Balance, December 31, 2020	10,163	137,117

JEFFERSON TOWNSHIP
NOBLE COUNTY
Notes to the Financial Statement
For the Year Ended December 31, 2021

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$37,530	\$22,971	(\$14,559)
Special Revenue	160,277	166,890	6,613
Total	<u>\$197,807</u>	<u>\$189,861</u>	<u>(\$7,946)</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation	Budgetary	Variance
	Authority	Expenditures	
General	\$71,523	\$25,892	\$45,631
Special Revenue	273,564	191,600	81,964
Total	<u>\$345,087</u>	<u>\$217,492</u>	<u>\$127,595</u>

Note 5 – Deposits

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

	2021
Demand deposits	<u>\$119,649</u>

The Township does not use a separate payroll clearing checking account. The expenditures included in the accompanying financial statement reflects net payroll plus all remitted payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 6 – 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.

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

JEFFERSON TOWNSHIP
NOBLE COUNTY
Notes to the Financial Statement
For the Year Ended December 31, 2021

Note 7 – Risk Management

Workers' Compensation

Worker's 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 Membership

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

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

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

	<u>2021</u>
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All but two of the 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, 2021.

Social Security

Two of the Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

JEFFERSON TOWNSHIP
NOBLE COUNTY
Notes to the Financial Statement
For the Year Ended December 31, 2021

The employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 10 – Lease

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

	<u>Principal</u>	<u>Interest Rate</u>
Lease	\$43,064	3.95%

The Township entered into a lease in the amount of \$55,894 in 2020 to finance the purchase of a tractor for repair and maintenance of Township roads. The lease is collateralized by the full faith and credit of the Township. There are annual principal and interest payments made on the lease.

Amortization

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

<u>Year Ending December 31:</u>	<u>Tractor Lease</u>
2022	12,297
2023	12,297
2024	12,297
2025	9,492
Total	<u><u>\$46,383</u></u>

Note 11 – Fund Balance

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spend for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the Township had no unclaimed monies, no permanent funds or encumbrances outstanding.

The fund balance of special revenue funds is either restricted or committed.

JEFFERSON TOWNSHIP
NOBLE COUNTY
Notes to the Financial Statement
For the Year Ended December 31, 2021

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

Jefferson Township
Noble County
38916 Sheep Skin Ridge Road
Lower Salem, Ohio 45745

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements of Jefferson Township, Noble County, Ohio (the Township), and have issued our report thereon dated April 18, 2025 wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We qualified our opinion due to the Township declining to make audit adjustments from prior years.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 2022-001 through 2022-003 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2022-001 and 2022-002.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

April 18, 2025

**JEFFERSON TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-001

Findings for Adjustment/Noncompliance/Material Weakness

Ohio Rev. Code § 5705.10(C) states, all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made.

Ohio Rev. Code § 5705.10(D) states, 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.

During the years 2007 through 2010, the Township posted gasoline excise tax receipts in the amount of \$358 and \$2,368 to the General Fund and Motor Vehicle License Tax Fund, respectively, instead of the Gasoline Tax Fund. Also, a real estate settlement in the amount of \$3,303 was posted to the General Fund instead of the Road and Bridge Fund. These errors resulted in misstatements to the financial statements as the Fiscal Officer has not posted these adjustments to the Township's Uniform Accounting Network (UAN) system and therefore, these adjustments are not reflected in the accompanying financial statements.

In accordance with the foregoing facts, we hereby issue findings for adjustment against the General Fund in the amount of \$3,661, and the Motor Vehicle License Tax Fund in the amount of \$2,368 and in favor of the Road and Bridge Fund, in the amount of \$3,303 and the Gasoline Tax Fund in the amount of \$2,726.

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.

The Township Fiscal Officer should utilize available authoritative resources to appropriately classify and record all revenue transactions. This guidance will help ensure the Fiscal Officer makes proper postings to revenue account classifications based on the nature of the receipt.

Officials' Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-002

Finding for Adjustment/Noncompliance/Material Weakness

Ohio Rev. Code § 5705.10(I) requires that money paid into any fund shall be used only for the purposes for which such fund is established.

During January 1, 2009 to December 31, 2010, the Township paid various obligations from Special Revenue road funds, the Motor Vehicle License Tax Fund in the amount of \$3,461, the Gasoline Tax Fund in the amount of \$13,959, and the Road and Bridge Fund in the amount of \$946, that should have been paid from the General Fund, in the amount of \$18,366. These errors resulted in misstatements to the financial statements as the Fiscal Officer has not posted these adjustments to the Township's Uniform Accounting Network (UAN) system and therefore, these adjustments are not reflected in the accompanying financial statements.

In accordance with the foregoing facts, we hereby issue findings for adjustment against the General Fund in the amount of \$18,366 and in favor of the Motor Vehicle License Tax Fund in the amount of \$3,461, the Gasoline Tax Fund in the amount of \$13,959 and the Road and Bridge Fund in the amount of \$946.

**JEFFERSON TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021
(Continued)**

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

FINDING NUMBER 2022-002 (Continued)

Finding for Adjustment/Noncompliance/Material Weakness (Continued)

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.

The Township Fiscal Officer should utilize available authoritative resources to appropriately classify and record all expenditure transactions. This guidance will help ensure the Fiscal Officer makes proper postings to expenditure account classifications based on the nature of the expenditure.

Officials' Response: We did not receive a response from Officials to this finding.

Finding Number 2022-003

Material Weakness

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.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board/Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township, and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. In 2022, the appropriations approved by Board were not properly posted to the accounting system in the Cemetery Fund and Miscellaneous Special Revenue Fund by \$2,550 and \$13,870, respectively.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over expenditures, the Township should post to the ledgers, on a timely basis, appropriations approved by the Board. The Township should then monitor budget versus actual reports to help ensure appropriations have been properly posted to the ledgers.

Officials' Response: We did not receive a response from Officials to this finding.

Jefferson Township

Noble County
38916 Sheep Skin Ridge Road
Lower Salem, Ohio 45745

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS December 31, 2022 and 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Finding for Adjustment/Noncompliance and Material Weakness – Ohio Rev. Code § 505.24(C) – Township did not properly allocate Trustees' salaries among the General Fund, Motor Vehicle License Tax Fund and Gasoline Tax Fund in 2007, 2008, 2009, 2010, 2011, 2012, 2019 and 2020.	Corrected	The Township made these fund balance adjustments in the 2021-2022 audit.
2020-002	Noncompliance/Material Weakness – Ohio Rev. Code § 5705.10(D) – The Township did not post BWC refunds correctly to the General Fund and Gasoline Tax Fund in 2020.	Corrected	The Township made this adjustment in the 2021-2022 audit.
2020-003	Finding for Adjustment/Noncompliance/ Material Weakness – The Township paid various obligations from the Motor Vehicle License Tax Fund, Gasoline Tax Fund and Road and Bridge Fund that should have been paid from the General Fund in 2009, 2010, 2011 and 2012. The Township also did not properly allocate insurance reimbursements among the General Fund, Motor Vehicle License Tax Fund and Gasoline Tax Fund in 2019 and 2020.	Partially Corrected	<p>The Township made the adjustments from 2011, 2012, 2019 and 2020 in the 2021-2022 audit.</p> <p>The 2009 and 2010 adjustments were not made by the Township in the 2021-2022 audit. Repeated as Finding Number 2022-002.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2022 and 2021
(Continued)

Finding Number	Finding Summary	Status	Additional Information
2020-004	Noncompliance – Ohio Rev. Code §§ 5705.40 and 5705.41(B) – The Township posted supplemental appropriations and appropriation amendments without approval from the Board of Trustees causing the Miscellaneous Special Revenue Fund to have expenditures in excess of appropriations of \$21,944 and \$182,966 as of December 31, 2020 and 2019.	Partially Corrected	Ohio Rev. Code § 5705.40 repeated in Management Letter. Ohio Rev. Code § 5705.41(B) was corrected in 2021-2022 audit.
2020-005	Noncompliance – Ohio Rev. Code Chapter 133 – The Township made principal payments on a promissory note that is a type of debt not authorized in Ohio Rev. Code Chapter 133.	Corrected	The Township paid off the promissory note at the end of 2020.
2020-006	Material Weakness – The Township did not always record receipts and disbursements into accurate classifications.	Not Corrected	Repeated in Management Letter
2020-007	Material Weakness – The appropriations approved by the Board of Trustees and estimated revenue approved by the County Budget Commission were not properly posted to the accounting system.	Not Corrected	Repeated as Finding Number 2022-001.

OHIO AUDITOR OF STATE KEITH FABER



JEFFERSON TOWNSHIP

NOBLE 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 5/8/2025

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