



OHIO AUDITOR OF STATE
KEITH FABER



**SMITHFIELD TOWNSHIP
JEFFERSON COUNTY
DECEMBER 31, 2023 AND 2022**

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SMITHFIELD TOWNSHIP
JEFFERSON COUNTY
DECEMBER 31, 2023 AND 2022

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Smithfield Township
Jefferson County
PO Box 533
Dillonvale, Ohio 43917

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Smithfield Township, Jefferson County, Ohio (the Township), as of and for the year ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Smithfield Township, as of December 31, 2023 and 2022, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the General, Gasoline Tax, Road and Bridge, Police District, Special Road and Bridge and American Rescue Plan (2022 only) for the years then ended in accordance with the cash-basis of accounting described in Note 2.

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.

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. 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 *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 January 21, 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.

A handwritten signature in black ink, appearing to read "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

January 21, 2025

Smithfield Township
Jefferson County
Statement of Net Position - Cash Basis
December 31, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,469,406
Total Assets	<u>\$1,469,406</u>
Net Position	
Restricted for:	
Other Purposes	816,595
Unrestricted	<u>652,811</u>
Total Net Position	<u>\$1,469,406</u>

See accompanying notes to the basic financial statements.

Springfield Township
Jefferson County
Statement of Activities - Cash Basis
December 31, 2023

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
General Government	\$149,151			(\$149,151)
Public Safety	259,199		\$17,376	(241,823)
Public Works	375,708	\$15,632	145,428	(214,648)
Health	18,692	1,600		(17,092)
Conservation-Recreation	17,511		5,669	(11,842)
Other	87,683	1,000	7,869	(78,814)
Capital Outlay	121,036			(121,036)
Debt Service:				
Principal Retirement	34,688			(34,688)
Interest and Fiscal Charges	3,435			(3,435)
Totals	1,067,103	18,232	176,342	(872,529)
General Receipts:				
				769,941
				51,158
				40,362
				271
				343,823
				4,450
				1,210,005
				337,476
				1,131,930
				\$1,469,406

See accompanying notes to the basic financial statements.

Smithfield Township
Jefferson County
Statement of Assets and Fund Balances - Cash Basis
December 31, 2023

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	POLICE DISTRICT	SPECIAL ROAD AND BRIDGE	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$652,811	\$180,897	\$282,073	\$229,250	\$59,553	\$64,822	\$1,469,406
<i>Total Assets</i>	<u>652,811</u>	<u>180,897</u>	<u>282,073</u>	<u>229,250</u>	<u>59,553</u>	<u>64,822</u>	<u>1,469,406</u>
Fund Cash Balances, December 31							
Restricted		180,897	282,073	229,250	59,553	64,822	816,595
Unassigned	652,811						652,811
<i>Fund Cash Balances, December 31</i>	<u>\$652,811</u>	<u>\$180,897</u>	<u>\$282,073</u>	<u>\$229,250</u>	<u>\$59,553</u>	<u>\$64,822</u>	<u>\$1,469,406</u>

See accompanying notes to the basic financial statements.

Smithfield Township
Jefferson County
Statement of Receipts, Disbursement and Changes in Fund Balance - Cash Basis
Governmental Funds
For the Year Ended December 31, 2023

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	POLICE DISTRICT	SPECIAL ROAD AND BRIDGE	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$85,969		\$228,984	\$351,945	\$103,043	\$15,632	\$785,573
Charges for Services						1,000	1,000
Intergovernmental	53,554	\$129,781	5,669	20,285	2,551	15,647	227,487
Earnings on Investments	232	31				21	284
Miscellaneous	335,826			4,366		5,231	345,423
Total Receipts	475,581	129,812	234,653	376,596	105,594	37,531	1,359,767
Disbursements							
Current:							
General Government	149,151						149,151
Public Safety				259,199			259,199
Public Works	37,621	80,671	140,579		76,105	40,732	375,708
Health	15,000					3,692	18,692
Conservation-Recreation	17,511						17,511
Other						87,683	87,683
Capital Outlay	13,969	23,750	80,362	2,955			121,036
Debt Service:							
Principal Retirement			19,906	14,782			34,688
Interest and Fiscal Charges			2,246	1,189			3,435
Total Disbursements	233,252	104,421	243,093	278,125	76,105	132,107	1,067,103
Excess of Receipts Over (Under) Disbursements	242,329	25,391	(8,440)	98,471	29,489	(94,576)	292,664
Other Financing Sources							
Other Debt Proceeds			40,362				40,362
Total Other Financing Sources	0	0	40,362	0	0	0	40,362
Special and Extraordinary Items							
Special Item				4,450			4,450
Net Change in Fund Balances	242,329	25,391	31,922	102,921	29,489	(94,576)	337,476
Fund Balances Beginning of Year	410,482	155,506	250,151	126,329	30,064	159,398	1,131,930
Fund Balances End of Year	\$652,811	\$180,897	\$282,073	\$229,250	\$59,553	\$64,822	\$1,469,406

See accompanying notes to the basic financial statements.

Smithfield Township
Jefferson County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2023

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$88,515	\$88,515	\$85,969	-\$2,546
Intergovernmental	29,696	29,696	53,554	23,858
Earnings on Investments			232	232
Miscellaneous			335,826	335,826
<i>Total Receipts</i>	<u>118,211</u>	<u>118,211</u>	<u>475,581</u>	<u>357,370</u>
Disbursements				
Current:				
General Government	144,051	161,827	149,151	12,676
Public Works	35,000	38,000	37,621	379
Health	15,000	15,000	15,000	0
Conservation-Recreation	15,000	25,000	17,511	7,489
Capital Outlay	10,000	15,000	13,969	1,031
<i>Total Disbursements</i>	<u>219,051</u>	<u>254,827</u>	<u>233,252</u>	<u>21,575</u>
<i>Net Change in Fund Balance</i>	<u>(100,840)</u>	<u>(136,616)</u>	<u>242,329</u>	<u>378,945</u>
Unencumbered Fund Balance Beginning of Year	410,482	410,482	410,482	0
<i>Unencumbered Balance End of Year</i>	<u><u>\$309,642</u></u>	<u><u>\$273,866</u></u>	<u><u>\$652,811</u></u>	<u><u>\$378,945</u></u>

See accompanying notes to the basic financial statements.

Smithfield Township
Jefferson County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Major Fund - Gasoline Tax
For the Year Ended December 31, 2023

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$140,000	\$140,000	\$129,781	-\$10,219
Earnings on Investments			31	31
<i>Total Receipts</i>	<u>140,000</u>	<u>140,000</u>	<u>129,812</u>	<u>(10,188)</u>
Disbursements				
Current:				
Public Works	245,506	245,506	80,671	164,835
Capital Outlay	<u>50,000</u>	<u>50,000</u>	<u>23,750</u>	<u>26,250</u>
<i>Total Disbursements</i>	<u>295,506</u>	<u>295,506</u>	<u>104,421</u>	<u>191,085</u>
<i>Net Change in Fund Balance</i>	<u>(155,506)</u>	<u>(155,506)</u>	<u>25,391</u>	<u>180,897</u>
Unencumbered Fund Balance Beginning of Year	155,506	155,506	155,506	0
<i>Unencumbered Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$180,897</u></u>	<u><u>\$180,897</u></u>

See accompanying notes to the basic financial statements.

Smithfield Township
Jefferson County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Major Fund - Road and Bridge
For the Year Ended December 31, 2023

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$221,806	\$221,806	\$228,984	\$7,178
Intergovernmental			5,669	5,669
<i>Total Receipts</i>	<u>221,806</u>	<u>221,806</u>	<u>234,653</u>	<u>12,847</u>
Disbursements				
Current:				
Public Works	190,112	190,112	140,579	49,533
Capital Outlay	40,000	40,000	80,362	(40,362)
Debt:				
Principal Retirement	14,500	20,025	19,906	119
Interest and Fiscal Charges	825	2,300	2,246	54
<i>Total Disbursements</i>	<u>245,437</u>	<u>252,437</u>	<u>243,093</u>	<u>9,344</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(80,444)</u>	<u>(51,513)</u>	<u>427</u>	<u>22,191</u>
Other Financing Sources (Uses)				
Other Debt Proceeds			40,362	40,362
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>40,362</u>	<u>40,362</u>
<i>Net Change in Fund Balance</i>	<u>(23,631)</u>	<u>(30,631)</u>	<u>31,922</u>	<u>62,553</u>
Unencumbered Fund Balance Beginning of Year	250,151	250,151	250,151	0
<i>Unencumbered Balance End of Year</i>	<u>\$226,520</u>	<u>\$219,520</u>	<u>\$282,073</u>	<u>\$62,553</u>

See accompanying notes to the basic financial statements.

Smithfield Township
Jefferson County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Major Fund - Police District
For the Year Ended December 31, 2023

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$341,967	\$341,967	\$351,945	\$9,978
Intergovernmental			20,285	20,285
Miscellaneous			4,366	4,366
<i>Total Receipts</i>	<u>341,967</u>	<u>341,967</u>	<u>376,596</u>	<u>34,629</u>
Disbursements				
Current:				
Public Safety	297,116	322,116	259,199	62,917
Capital Outlay	12,000	4,000	2,955	1,045
Debt:				
Principal Retirement	9,500	9,500	14,782	(5,282)
Interest and Fiscal Charges	1,200	1,200	1,189	11
<i>Total Disbursements</i>	<u>319,816</u>	<u>336,816</u>	<u>278,125</u>	<u>58,691</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>22,151</u>	<u>5,151</u>	<u>98,471</u>	<u>93,320</u>
Special and Extraordinary Items				
Special Item	0	0	4,450	4,450
<i>Net Change in Fund Balance</i>	<u>22,151</u>	<u>5,151</u>	<u>102,921</u>	<u>97,770</u>
Unencumbered Fund Balance Beginning of Year	126,329	126,329	126,329	0
<i>Unencumbered Balance End of Year</i>	<u>\$148,480</u>	<u>\$131,480</u>	<u>\$229,250</u>	<u>\$97,770</u>

See accompanying notes to the basic financial statements.

Smithfield Township
Jefferson County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Major Fund - Special Road and Bridge
For the Year Ended December 31, 2023

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$99,813	\$99,813	\$103,043	\$3,230
Intergovernmental			2,551	2,551
<i>Total Receipts</i>	<u>99,813</u>	<u>99,813</u>	<u>105,594</u>	<u>5,781</u>
Disbursements				
Current:				
Public Works	79,876	79,876	76,105	3,771
<i>Total Disbursements</i>	<u>79,876</u>	<u>79,876</u>	<u>76,105</u>	<u>3,771</u>
<i>Net Change in Fund Balance</i>	<u>19,937</u>	<u>19,937</u>	<u>29,489</u>	<u>9,552</u>
Unencumbered Fund Balance Beginning of Year	30,064	30,064	30,064	0
<i>Unencumbered Balance End of Year</i>	<u>\$50,001</u>	<u>\$50,001</u>	<u>\$59,553</u>	<u>\$9,552</u>

See accompanying notes to the basic financial statements.

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

Smithfield Township, Jefferson County, Ohio, (the Township) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The primary government of the Township provides the following services to its citizens: general government services, maintenance of Township roads and bridges, cemetery maintenance, and police protection.

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

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the equity in pooled cash and cash equivalents of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Fund Financial Statements During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The Township uses fund accounting 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.

Governmental Funds Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds:

General 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.

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 accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

Police District Fund The police district fund accounts for and reports property tax (inside millage) committed for the purpose of providing and maintaining motor vehicles, communications, other equipment, buildings, and sites for such buildings used directly in the operation of a police department, or the payment of salaries for police, communications or administrative personnel.

Special Road and Bridge Fund The special road and bridge fund accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

The other governmental funds of the Township account for and report grants and other resources whose use is restricted, committed or assigned to a particular purpose.

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Cash and Investments

Township records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2023 was \$232.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Inventories resulting from cash transactions are presented at cost on a first-in, first out basis and are reported as disbursements when used. Prepaid items are reported as disbursements when consumed.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's modified cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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 The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute. State Statute authorizes the Township Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

Smithfield Township
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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.

Special Items

The Township had \$4,450 in special items reported in the Police District fund relating to promotional items received from local businesses.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is (and any major special revenue fund are) prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Outstanding year end advances are treated as another financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis).
3. Unreported interest is reported on the statement of *modified* receipts, disbursements, and changes in fund balances (cash basis), but not on the budgetary basis.

Budgetary expenditures exceeded appropriation authority in the Road and Bridge Fund for Capital Outlay by \$40,362 and in the Police District Fund for Principal Retirement by \$5,282 for the period ending December 31, 2023, due to audit adjustments.

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in 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.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Township and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2023 for real and public utility property taxes represents collections of 2022 taxes.

2023 real property taxes are levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2023 public utility property taxes which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The full tax rate for all Township operations for the year ended December 31, 2023, was \$6.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2023 property tax receipts were based are as follows:

Real Property	\$93,010,520
Public Utility Personal Property	\$33,440,860
Total	\$126,451,380

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 – Risk Management

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

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

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

	<u>2023</u>
Cash and investments	\$33,494,457
Actuarial liabilities	\$ 10,885,549

Note 7 – Defined Benefit Pension Plan

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Township employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7,

Smithfield Township
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

	<u>State and Local</u>		<u>Public</u>	<u>Law</u>
	<u>Traditional</u>	<u>Combined</u>	<u>Safety</u>	<u>Enforcement</u>
2023 Statutory Maximum Contribution Rates				
Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	10.0 %	**	***
2023 Actual Contribution Rates				
Employer:				
Pension ****	14.0 %	12.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits *****	0.0	2.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** This rate is determined by OPERS' Board and has no maximum rate established by ORC.

*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

***** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2023, the Township's contractually required contribution was \$41,317.34 for the traditional plan.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan 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.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022,

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

directed plan for 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$295.12 for the year 2023.

Note 9 – Debt

Financed Purchases

The Township has entered into financed purchases agreements for vehicles and other equipment where ownership of the underlying asset transfers to the Township by the end of the contract. The Township disbursed \$38,123 to pay these costs for the fiscal year ended December 31, 2023. Future financed purchases payment are as follows:

<u>Year</u>	<u>Amount</u>
2024	\$39,135
2025	25,118
2026	19,797
2027	9,147
2028	2,210
Total	<u>\$95,407</u>

The Township entered into a purchase agreement with Consumers Bank during 2023 for the purchase of a Kubota skid loader. Principal and interest payments were made on this loan during 2023.

Leases

The Township is the lessee (as defined by GASB 87) in various leases related to buildings and other equipment under noncancelable leases. Lease receivables/deferred inflow of resources and intangible right to use asset/lease payable are not reflected under the Township's cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

The Township had a police building lease obligation during fiscal year 2023. The monthly payment on the 3 year lease is \$600.00.

The Township also entered into a lease purchase agreement with US Bank during 2022 for three Motorola Police In-Car Camera totaling \$16,065, with the first payment due in 2023. However, due to faulty equipment, the Township did not make the first payment due in 2023. The Township is in current communication with the bank regarding this matter and has not been officially declared in default on the loan.

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 10 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Special Road and Bridge</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted for							
Cemetery						\$9,362	\$9,362
Emergency Medical Services						21,891	21,891
Police Operations				\$229,250			229,250
Road & Bridge Maintenance & Improvements		\$180,897	\$282,073		\$59,553	33,569	\$556,092
<i>Total Restricted</i>	<u>\$0</u>	<u>\$180,897</u>	<u>\$282,073</u>	<u>\$229,250</u>	<u>\$59,553</u>	<u>\$64,822</u>	<u>\$816,595</u>
Unassigned (Deficit)	<u>\$652,811</u>						<u>\$652,811</u>
<i>Total Fund Balances</i>	<u>\$652,811</u>	<u>\$180,897</u>	<u>\$282,073</u>	<u>\$229,250</u>	<u>\$59,553</u>	<u>\$64,822</u>	<u>\$1,469,406</u>

Smithfield Township
Jefferson County
Statement of Net Position - Cash Basis
December 31, 2022

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,131,930
Total Assets	<u>\$1,131,930</u>
Net Position	
Restricted for:	
Other Purposes	721,090
Unrestricted	<u>410,840</u>
Total Net Position	<u>\$1,131,930</u>

See accompanying notes to the basic financial statements.

Springfield Township
Jefferson County
Statement of Activities - Cash Basis
December 31, 2022

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
General Government	\$147,342				(\$147,342)
Public Safety	189,145				(189,145)
Public Works	353,579	17,489	\$153,875		(182,215)
Health	15,864	3,675			(12,189)
Conservation-Recreation	18,099		11,300		(6,799)
Other	64,696	\$3,550	105,682	\$75,000	119,536
Capital Outlay	221,001				(221,001)
Debt Service:					0
Principal Retirement	18,537				(18,537)
Interest and Fiscal Charges	2,076				(2,076)
Totals	<u>1,030,339</u>	<u>24,714</u>	<u>270,857</u>	<u>75,000</u>	<u>(659,768)</u>
General Receipts:					
					720,567
					10,000
					49,332
					82,060
					194
					211,466
<i>Total General Receipts, Contributions to Permanent Fund,</i>					<u>1,073,619</u>
<i>Change in Net Position</i>					<u>413,851</u>
Net Position Beginning of Year					<u>718,079</u>
Net Position End of Year					<u>\$1,131,930</u>

See accompanying notes to the basic financial statements.

Smithfield Township
Jefferson County
Statement of Assets and Fund Balances - Cash Basis
December 31, 2022

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	POLICE DISTRICT	SPECIAL ROAD AND BRIDGE	AMERICAN RESCUE PLAN	Other Governmental Funds	Total Governmental Funds
Assets								
Equity in Pooled Cash and Cash Equivalents	\$410,482	\$155,506	\$250,151	\$126,329	\$30,064	\$109,561	\$49,837	\$1,131,930
<i>Total Assets</i>	<u>410,482</u>	<u>155,506</u>	<u>250,151</u>	<u>126,329</u>	<u>30,064</u>	<u>109,561</u>	<u>49,837</u>	<u>1,131,930</u>
Fund Cash Balances, December 31								
Restricted		155,506	250,151	126,329	30,064	109,561	49,837	721,448
Unassigned	410,482							410,482
<i>Fund Cash Balances, December 31</i>	<u>\$410,482</u>	<u>\$155,506</u>	<u>\$250,151</u>	<u>\$126,329</u>	<u>\$30,064</u>	<u>\$109,561</u>	<u>\$49,837</u>	<u>\$1,131,930</u>

See accompanying notes to the basic financial statements.

Smithfield Township
Jefferson County
Statement of Receipts, Disbursement and Changes in Fund Balance - Cash Basis
Governmental Funds
For the Year Ended December 31, 2022

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	POLICE DISTRICT	SPECIAL ROAD AND BRIDGE	AMERICAN RESCUE PLAN	Other Governmental Funds	Total Governmental Funds
Receipts								
Property and Other Local Taxes	\$89,054		\$210,601	\$336,141	\$94,771		\$17,489	\$748,056
Charges for Services							3,550	3,550
Intergovernmental	53,772	\$137,433	11,300	5,805	5,085	\$90,330	91,442	395,167
Earnings on Investments	165	23				22	6	216
Miscellaneous	206,326			5,140			3,675	215,141
Total Receipts	349,317	137,456	221,901	347,086	99,856	\$90,352	116,162	1,362,130
Disbursements								
Current:								
General Government	147,342							147,342
Public Safety	698			188,447				189,145
Public Works	31,779	92,638	128,680		87,544		12,938	353,579
Health	13,497						2,367	15,864
Conservation-Recreation	18,099							18,099
Other						64,696		64,696
Capital Outlay	10,100		17,785	118,116			75,000	221,001
Debt Service:								
Principal Retirement			12,428	6,109				18,537
Interest and Fiscal Charges			1,343	733				2,076
Total Disbursements	221,515	92,638	160,236	313,405	87,544	64,696	90,305	1,030,339
Excess of Receipts Over (Under) Disbursements	127,802	44,818	61,665	33,681	12,312	25,656	25,857	331,791
Other Financing Sources (Uses)								
Other Debt Proceeds				82,060				82,060
Total Other Financing Sources (Uses)	0	0	0	82,060	0		0	82,060
Net Change in Fund Balances	127,802	44,818	61,665	115,741	12,312	25,656	25,857	413,851
Fund Balances Beginning of Year	282,680	110,688	188,486	10,588	17,752	83,905	23,980	718,079
Fund Balances End of Year	\$410,482	\$155,506	\$250,151	\$126,329	\$30,064	\$109,561	\$49,837	\$1,131,930

See accompanying notes to the basic financial statements.

Smithfield Township
Jefferson County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2022

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$83,719	\$83,719	\$89,054	\$5,335
Intergovernmental	34,492	34,492	53,772	19,280
Earnings on Investments			165	165
Miscellaneous			206,326	206,326
Total Receipts	118,211	118,211	349,317	231,106
Disbursements				
Current:				
General Government	181,891	181,891	147,342	34,549
Public Safety	10,000	5,000	698	4,302
Public Works	25,000	34,000	31,779	2,221
Health	15,000	15,000	13,497	1,503
Conservation-Recreation	10,000	20,000	18,099	1,901
Capital Outlay		10,200	10,100	100
Total Disbursements	241,891	266,091	221,515	44,576
Net Change in Fund Balance	(123,680)	(147,880)	127,802	275,682
Unencumbered Fund Balance Beginning of Year	282,680	282,680	282,680	0
Unencumbered Balance End of Year	\$159,000	\$134,800	\$410,482	\$275,682

See accompanying notes to the basic financial statements.

Smithfield Township
Jefferson County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Major Fund - Gasoline Tax
For the Year Ended December 31, 2022

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$136,000	\$136,000	\$137,433	\$1,433
Earnings on Investments			23	23
<i>Total Receipts</i>	<u>136,000</u>	<u>136,000</u>	<u>137,456</u>	<u>1,456</u>
Disbursements				
Current:				
Public Works	226,688	226,688	92,638	134,050
Capital Outlay	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>20,000</u>
<i>Total Disbursements</i>	<u>246,688</u>	<u>246,688</u>	<u>92,638</u>	<u>154,050</u>
<i>Net Change in Fund Balance</i>	<u>(110,688)</u>	<u>(110,688)</u>	<u>44,818</u>	<u>155,506</u>
Unencumbered Fund Balance Beginning of Year	110,688	110,688	110,688	0
<i>Unencumbered Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$155,506</u></u>	<u><u>\$155,506</u></u>

See accompanying notes to the basic financial statements.

Smithfield Township
Jefferson County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Major Fund - Road and Bridge
For the Year Ended December 31, 2022

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$221,806	\$221,806	\$210,601	-\$11,205
Intergovernmental			11,300	11,300
<i>Total Receipts</i>	<u>221,806</u>	<u>221,806</u>	<u>221,901</u>	<u>95</u>
Disbursements				
Current:				
Public Works	284,942	284,942	128,680	156,262
Capital Outlay	50,000	50,000	17,785	32,215
Debt:				
Principal Retirement	14,000	14,000	12,428	1,572
Interest and Fiscal Charges	1,350	1,350	1,343	7
<i>Total Disbursements</i>	<u>350,292</u>	<u>350,292</u>	<u>160,236</u>	<u>190,056</u>
<i>Net Change in Fund Balance</i>	<u>(128,486)</u>	<u>(128,486)</u>	<u>61,665</u>	<u>190,151</u>
Unencumbered Fund Balance Beginning of Year	188,486	188,486	188,486	0
<i>Unencumbered Balance End of Year</i>	<u>\$60,000</u>	<u>\$60,000</u>	<u>\$250,151</u>	<u>\$190,151</u>

See accompanying notes to the basic financial statements.

Smithfield Township
 Jefferson County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
 Major Fund - Police District
 For the Year Ended December 31, 2022

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$381,320	\$381,320	\$336,141	(\$45,179)
Intergovernmental			5,805	5,805
Miscellaneous			5,140	5,140
<i>Total Receipts</i>	<u>381,320</u>	<u>381,320</u>	<u>347,086</u>	<u>(34,234)</u>
Disbursements				
Current:				
Public Safety	115,000	207,234	188,447	18,787
Capital Outlay		79,353	118,116	(38,763)
Debt:				
Principal Retirement		4,589	6,109	(1,520)
Interest and Fiscal Charges		733	733	0
<i>Total Disbursements</i>	<u>115,000</u>	<u>291,909</u>	<u>313,405</u>	<u>(21,496)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>266,320</u>	<u>89,411</u>	<u>33,681</u>	<u>(55,730)</u>
Other Financing Sources (Uses)				
Other Debt Proceeds		39,353	82,060	42,707
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>39,353</u>	<u>82,060</u>	<u>42,707</u>
<i>Net Change in Fund Balance</i>	<u>266,320</u>	<u>128,764</u>	<u>115,741</u>	<u>(13,023)</u>
Unencumbered Fund Balance Beginning of Year	10,588	10,588	10,588	0
<i>Unencumbered Balance End of Year</i>	<u>\$276,908</u>	<u>\$139,352</u>	<u>\$126,329</u>	<u>(\$13,023)</u>

See accompanying notes to the basic financial statements.

Smithfield Township
Jefferson County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Major Fund - Special Road and Bridge
For the Year Ended December 31, 2022

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$99,812	\$99,812	\$94,771	(\$5,041)
Intergovernmental			5,085	5,085
<i>Total Receipts</i>	<u>99,812</u>	<u>99,812</u>	<u>99,856</u>	<u>44</u>
Disbursements				
Current:				
Public Works	117,564	117,564	87,544	30,020
<i>Total Disbursements</i>	<u>117,564</u>	<u>117,564</u>	<u>87,544</u>	<u>30,020</u>
<i>Net Change in Fund Balance</i>	<u>(17,752)</u>	<u>(17,752)</u>	<u>12,312</u>	<u>30,064</u>
Unencumbered Fund Balance Beginning of Year	17,752	17,752	17,752	0
<i>Unencumbered Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$30,064</u>	<u>\$30,064</u>

See accompanying notes to the basic financial statements.

Smithfield Township
Jefferson County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Major Fund - American Rescue Plan
For the Year Ended December 31, 2022

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$0	\$0	\$90,330	\$90,330
Earnings on Investments			22	22
<i>Total Receipts</i>	<u>0</u>	<u>0</u>	<u>90,352</u>	<u>90,352</u>
Disbursements				
Current:				
Other	0	72,313	64,696	7,617
<i>Total Disbursements</i>	<u>0</u>	<u>72,313</u>	<u>64,696</u>	<u>7,617</u>
<i>Net Change in Fund Balance</i>	<u>0</u>	<u>(72,313)</u>	<u>25,656</u>	<u>97,969</u>
Unencumbered Fund Balance Beginning of Year	36,592	36,592	36,592	0
Prior Year Encumbrances Appropriated	47,313	47,313	47,313	0
<i>Unencumbered Balance End of Year</i>	<u>\$83,905</u>	<u>\$11,592</u>	<u>\$109,561</u>	<u>\$97,969</u>

See accompanying notes to the basic financial statements.

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

Smithfield Township, Jefferson County, Ohio, (the Township) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The primary government of the Township provides the following services to its citizens: general government services, maintenance of Township roads and bridges, cemetery maintenance, and police protection.

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

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the equity in pooled cash and cash equivalents of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The Township uses fund accounting 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.

Governmental Funds Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds:

General 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.

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 accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

Police District Fund The police district fund accounts for and reports property tax (inside millage) committed for the purpose of providing and maintaining motor vehicles, communications, other equipment, buildings, and sites for such buildings used directly in the operation of a police department, or the payment of salaries for police, communications or administrative personnel.

Special Road and Bridge Fund The special road and bridge fund accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

American Rescue Plan Fund The American Rescue Plan fund accounts for and reports COVID-19 American Resuce Plan grant money restricted for the purpose of responding to COVID-19.

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

The other governmental funds of the Township account for and report grants and other resources whose use is restricted, committed or assigned to a particular purpose.

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Cash and Investments

Township records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2023 was \$165.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Inventories resulting from cash transactions are presented at cost on a first-in, first out basis and are reported as disbursements when used. Prepaid items are reported as disbursements when consumed.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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 The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute. State Statute authorizes the Township Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is (and any major special revenue fund are) prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Outstanding year end advances are treated as another financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis).
3. Unreported interest is reported on the statement of *modified* receipts, disbursements, and changes in fund balances (cash basis), but not on the budgetary basis.

Budgetary expenditures exceeded appropriation authority in the Police District Fund by \$21,496 for the period ending December 31, 2022, due to an audit adjustment.

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Township and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

2022 real property taxes are levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2024 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2022, was \$6.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows:

Real Property	\$86,036,730
Public Utility Personal Property	\$33,562,570
 Total	 \$119,599,300

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 – Risk Management

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

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

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

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

Note 7 – Defined Benefit Pension Plan

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Township employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Smithfield Township
Jefferson County, Ohio
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For the Year Ended December 31, 2022

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

	State and Local			
	Traditional	Combined	Public Safety	Law Enforcement
2022 Statutory Maximum Contribution Rates				
Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	10.0 %	**	***
2022 Actual Contribution Rates				
Employer:				
Pension ****	14.0 %	12.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	2.0	0.0	0.0
Total Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee	10.0 %	10.0 %	12.0 %	13.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** This rate is determined by OPERS' Board and has no maximum rate established by ORC.

*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

**** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2022, the Township's contractually required contribution was \$35,526.58 for the traditional plan.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

(HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan 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.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022,

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$203.00 for the year 2022.

Note 9 – Debt

Financed Purchases

The Township has entered into financed purchases agreements for buildings, vehicles and other equipment (edit list as appropriate) where ownership of the underlying asset transfers to the Township by the end of the contract. The Township disbursed \$25,941 to pay these costs for the fiscal year ended June 30, 2022. Future financed purchases payment are as follows (*next five years individually then five year increments*):

<u>Year</u>	<u>Amount</u>
2023	\$46,554
2024	29,989
2025	15,972
2026	10,650
Total	<u><u>\$103,165</u></u>

Leases

The Township had a police building lease obligation during fiscal year 2022. The monthly payment on the 3 year lease is \$600.

The Township also entered into a lease purchase agreement with US Bank during 2022 for three Motorola Police In-Car Camera totaling \$16,065, with the first payment due in 2023. However, due to faulty equipment, the Township did not make the first payment due in 2023.

Smithfield Township
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 10 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Gasoline Tax	Road and Bridge	Police District	Special Road and Bridge	American Rescue Plan	Other Govern. Funds	Total
Restricted for								
Cemetery							\$10,454	\$10,454
Emergency Medical Services						\$109,561		109,561
Police Operations				\$126,329				126,329
Road and Bridge Maintenance and		\$155,506	\$250,151		\$30,064		39,383	475,104
<i>Total Restricted</i>	0	155,506	250,151	126,329	30,064	109,561	49,837	721,448
Unassigned (Deficit)	410,482	0	0	0	0	0		410,482
<i>Total Fund Balances</i>	\$410,482	\$155,506	\$250,151	\$126,329	\$30,064	\$109,561	\$49,837	\$1,131,930

Note 11 – 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.

During 2022, the Township expended \$64,696 in American Rescue Plan Act monies.

OHIO AUDITOR OF STATE KEITH FABER

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

Smithfield Township
Jefferson County
PO Box 533
Dillonvale, Ohio 43917

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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Smithfield Township, Jefferson County, (the Township) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated January 21, 2025, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings as item 2023-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings as item 2023-002 a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

January 21, 2025

**SMITHFIELD TOWNSHIP
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 and 2022**

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

FINDING NUMBER 2023-001

Material Weakness – Financial Reporting

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

The Township should maintain an accounting system and accounting records sufficient to enable the Township to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

As a result, the following material adjustments and reclassifications were noted in 2023 and 2022.

2023 Adjustments:

Fund/Line Item Adjusted From:	Fund/Line Item Adjusted To:	Amount:	Explanation:
Gas Tax Fund / Capital Outlay	Police District / Debt Service - Principal Payment	\$5,328	Debt payment improperly recorded
MVL Fund / Taxes	Permissive MVL Fund / Taxes	\$15,632	Permissive MVL Fee revenues improperly recorded
MVL Fund / Public Works	Permissive MVL Fund / Public Works	\$20,366	Allocation of MVL Fund expenditures to Permissive MVL Fund

We also noted where the Township purchased a skid loader in the amount of \$40,362, however, the debt proceeds and corresponding capital outlay expenditure were not recorded on the Township's ledgers.

2023 Reclassifications:

Fund/Line Item Adjusted From:	Fund/Line Item Adjusted To:	Amount:	Explanation:
Police District / Miscellaneous	Police District / Intergovernmental	\$9,614	Body camera grant revenue improperly classified
Police District / Miscellaneous	Police District / Intergovernmental	\$5,812	DARE grant revenue improperly classified
Police District / Other Financing Sources	Police District / Intergovernmental	\$1,950	Dare grant revenue improperly classified

FINDING NUMBER 2023-001
(Continued)

2022 Adjustments:

Fund/Line Adjusted From:	Item	Fund/Line Adjusted To:	Item	Amount:	Explanation:
General Fund / Intergovernmental		ARPA Fund / Intergovernmental		\$358	Local Fiscal Recovery Fund monies improperly posted
Road and Bridge Fund / Debt Service - Principal Payment		Police District Fund / Debt Service - Principal Payment		\$1,520	Portion of two debt payments improperly posted
MVL Fund / Taxes		Permissive MVL Fund / Taxes		\$16,127	Permissive MVL Fee revenues improperly recorded
MVL Fund / Public Works		Permissive MVL Fund / Public Works		\$6,728	Allocation of MVL Fund expenditures to Permissive MVL Fund

We also noted where the Township purchased police body cameras and Motorola in-car police cameras in the amounts of \$26,642 and \$16,065, respectively; however, the debt proceeds and corresponding capital outlay expenditures were not recorded on the Township's ledgers.

Additionally, one instance was noted where the Township's Police District Fund BVA Statement required an adjustment to the Original and Final Budget Revenues in the amount of \$39,353.

Similarly, one instance was noted where the Township's ARPA Fund BVA Statement required adjustments of \$72,313 to the Original Budget Revenue and \$47,313 to the Beginning Unencumbered Fund Balance.

The material adjustments and reclassifications noted above, with which management agrees, have been made and are reflected in the accompanying financial statements and budgetary statements. Other mispostings were identified, however they were not significant, and the Township decided not to make the adjustments.

We also noted adjustments to the following note sections within the Notes to the Financial Statements:

- Risk Management
- Debt
- Fund Balances

The Township did not have procedures in place to record transactions properly or procedures in place to include updated disclosures.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases the risk that management would not be provided an accurate picture of the Township's financial position and operations.

The Township should take the necessary steps to ensure that all financial activity and pertinent notes are properly presented and disclosed in the Township's financial statements and notes to the financial statements.

FINDING NUMBER 2023-002

Significant Deficiency – Failure to Make Required Debt Payment

Ohio Rev. Code § 505.267 gives townships legal authority to enter into lease-purchase agreements within certain restrictions. The Township entered into a lease/purchase agreement with US Bank in July 2022 for the purchase of three Motorola In-Car Cameras for the Township's Police cruisers, with the first payment of \$5,999.39 being due in July 2023.

We noted the Village failed to make its required lease payment due in July 2023.

The Village should ensure that all debt obligations are paid on a timely basis and in accordance with the respective amortization schedules.

Official's Response: We did not receive a response from Officials to the findings reported above.

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OHIO AUDITOR OF STATE KEITH FABER



SMITHFIELD TOWNSHIP

JEFFERSON 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 3/13/2025

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