



Dave Yost • Auditor of State

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Jefferson Township
Franklin County
6545 Havens Road
Blacklick, Ohio 43004

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson Township, Franklin County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson Township, Franklin County, Ohio, as of December 31, 2010 and 2009, and the respective changes in cash financial position and the respective budgetary comparisons for the General and Fire Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 16, 2011

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
UNAUDITED**

This discussion and analysis of Jefferson Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2010 and 2009, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2010 and 2009 are as follows:

Net assets of Township activities increased \$89,234, or 2.9 percent from 2008 to 2009 and decreased \$868,549, or 27.8% from 2009 to 2010. The fund most affected by the decrease in cash and cash equivalents was the Capital Projects Fund due to the purchase of a ladder fire truck during 2010.

The Township's general receipts are primarily property taxes. These receipts represent respectively \$3,102,718 and 63.3% percent for 2010 and \$3,017,444 or 60.4% for 2009 of the total cash received for governmental activities during that year. Property tax receipts for 2010 increased compared to 2009 as development within the Township increased.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
UNAUDITED**

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2010 and 2009, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

The Statement of Net Assets and the Statement of Activities present governmental activities, which includes all of the Township services. The Township has no business type activities.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into two categories: governmental and fiduciary.

Governmental Funds - Most of the Township's activities are reported in Governmental funds. The Governmental fund financial statements provide a detailed view of the Township's Governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant Governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major Governmental funds are the General Fund, the Fire Fund, and the Capital Project Fund. The programs reported in Governmental funds are the same as those reported in Governmental activities.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the Government-wide financial statements because the resources of these funds are not available to support its programs. The Township's Agency fund accounts for maintenance and construction bonds for real estate development and construction of multi and single family homes.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
UNAUDITED**

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2010 and 2009 compared to 2008 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		
	2010	2009	2008
Assets			
Cash and Cash Equivalents	\$2,256,840	\$3,125,389	\$3,036,155
Total Assets	\$2,256,840	\$3,125,389	\$3,036,155
Net Assets			
Restricted for:			
Capital Outlay	\$0	\$1,088	\$11,183
Debt Service	51,089	48,013	41,816
Other Purposes	1,137,658	1,122,266	2,511,092
Unrestricted	1,068,093	1,954,022	472,064
Total Net Assets	\$2,256,840	\$3,125,389	\$3,036,155

As mentioned previously, net assets of governmental activities increased \$89,234, or 3% from 2008 to 2009 and decreased \$868,549, or 27.8% from 2009 to 2010. The primary reason contributing to the decrease in cash balances is the purchase of a ladder fire truck during 2010.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
UNAUDITED**

Table 2 reflects the changes in net assets on a cash basis in 2010, 2009, and 2008 for governmental activities.

(Table 2)			
Changes in Net Assets			
	Governmental		
	Activities		
	2010	2009	2008
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$605,238	\$607,118	\$504,899
Operating Grants and Contributions	407,119	439,095	218,544
Total Program Receipts	1,012,357	1,046,213	723,443
General Receipts:			
Property Taxes	3,102,718	3,017,444	3,032,783
Other Taxes	15,540	14,496	479
Grants and Entitlements	619,642	658,463	711,432
Other Debt Proceeds	89,316	189,980	0
Earnings on Investments	2,543	9,716	89,324
Miscellaneous	55,664	62,269	83,564
Total General Receipts	3,885,423	3,952,368	3,917,582
Total Receipts	4,897,780	4,998,581	4,641,025
Disbursements:			
General Government	1,060,269	1,066,013	1,085,250
Public Safety	2,759,725	2,625,334	2,294,207
Public Works	659,287	653,632	681,467
Health	15,657	5,885	25,506
Conservation Recreation	65,028	75,768	110,776
Other	10,792	0	0
Capital Outlay	991,635	289,458	39,746
Principal	125,481	113,369	80,639
Interest	78,455	79,888	79,053
Total Disbursements	5,766,329	4,909,347	4,396,644
Increase (Decrease) in Net Assets	(868,549)	89,234	244,381
Net Assets, January 1	3,125,389	3,036,155	2,791,774
Net Assets, December 31	\$2,256,840	\$3,125,389	\$3,036,155

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
UNAUDITED**

Program receipts represent only 20.7% in 2010, 20.9% in 2009 and 15.6% in 2008 of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and third party charges to insurers for emergency medical services.

General receipts represent 79.3% in 2010, 79.1% in 2009 and 84.4% in 2008 of total receipts, and of this amount, over 79% in 2010, 76% 2009 and 77% in 2008 are property taxes. State and federal grants and entitlements made up over 15%, 16%, and 17% respectively of the Township's general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the board of trustees, administrator, and fiscal officer, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to a small percentage of General Fund unrestricted receipts.

Public Safety is the cost of emergency medical services and fire protection. Conservation-Recreation is the costs of maintaining the parks. Public Works is the cost of maintaining the roads. Capital Outlay is the costs of purchasing equipment and vehicles.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for Governmental activities are for public safety and public works, which account for 59.3% and 66.8% of all Governmental disbursements, respectively. General Government also represents a significant cost, about 20%. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2010	2010	2009	2009
General Government	1,060,269	502,136	1,066,013	\$484,974
Public Safety	2,759,725	2,519,716	2,625,334	2,368,150
Public Works	659,287	446,572	653,632	447,642
Health	15,657	14,157	5,885	3,885
Conservation Recreation	65,028	65,028	75,768	75,768
Other	10,792	10,792	0	0
Capital Outlay	991,635	991,635	289,458	289,458
Principal	125,481	125,481	113,369	113,369
Interest	78,455	78,455	79,888	79,888
Total Disbursements	\$5,766,329	\$4,753,972	\$4,909,347	\$3,863,134

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
UNAUDITED**

The dependence upon property tax receipts is apparent as over 79 percent for 2010 and 2009, respectively, of governmental activities are supported through these general receipts.

The Township's Funds

Total Governmental funds had receipts of \$4,808,464 and disbursements of \$5,761,429 during 2010 and receipts of \$4,808,601 and disbursements of \$4,909,347 during 2009. The greatest change within Governmental funds for 2009 occurred with a transfer in the amount of \$1,500,000 from the Fire Fund to establish the Capital Project Fund. For 2009, the Capital Project Fund balance decreased \$851,584 primarily as the result of a purchase of a fire ladder truck.

The General Fund had a net change in fund balance of (\$34,345) during 2010 and (\$18,042) during 2009, indicating that the General Fund is operating at a slight deficit.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. One of the most significant budgeted funds is the General Fund.

During 2010 and 2009, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts by \$143,983 due to unexpected slow growth in tax receipts in 2010. The difference between final budgeted receipts and actual receipts was not significant for 2009.

During 2010 final disbursements were budgeted at \$1,055,780 while actual disbursements were \$823,920. The Township kept spending below budgeted amounts as demonstrated by the reported variances.

During 2009 final disbursements were budgeted at \$1,035,300 while actual disbursements were \$860,074. The Township kept spending below budgeted amounts as demonstrated by the reported variances.

Capital Assets and Debt Administration

Capital Assets

The Township tracks its capital assets and reports annually to the Franklin County Engineer. It does not currently specifically track its infrastructure.

Debt

At December 31, 2010, the Township's outstanding debt included \$1,335,000 in general obligation bonds issued for improvements to buildings and structures, and \$212,403 in capital leases for vehicles. For further information regarding the Township's debt, refer to Notes 9 and 10 to the basic financial statements.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
UNAUDITED**

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Township relies heavily on property and local taxes and has little industry to support the tax base.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ken Jones, Fiscal Officer, Jefferson Township, 6545 Havens Road Blacklick, Ohio 43004.

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JEFFERSON TOWNSHIP
FRANKLIN COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,256,840</u>
<i>Total Assets</i>	<u><u>\$2,256,840</u></u>
Net Assets	
Restricted for:	
Debt Service	51,089
Other Purposes	1,137,658
Unrestricted	<u>1,068,093</u>
<i>Total Net Assets</i>	<u><u>\$2,256,840</u></u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants, Interest, and Contributions	Governmental Activities
Governmental Activities				
General Government	\$1,060,269	\$370,653	\$187,480	(\$502,136)
Public Safety	2,759,725	233,085	6,924	(2,519,716)
Public Works	659,287	0	212,715	(446,572)
Health	15,657	1,500	0	(14,157)
Conservation-Recreation	65,028	0	0	(65,028)
Other	10,792	0	0	(10,792)
Capital Outlay	991,635	0	0	(991,635)
Debt Service:				
Principal	125,481	0	0	(125,481)
Interest	78,455	0	0	(78,455)
Total Governmental Activities	5,766,329	605,238	407,119	(4,753,972)
General Receipts				
Property Taxes				
General				360,218
Fire				2,431,868
Other				310,632
Other Taxes				15,540
Grants and Entitlements not Restricted to Specific Programs				619,642
Other Debt Proceeds				89,316
Earnings on Investments				2,543
Miscellaneous				55,664
Total General Receipts				3,885,423
Change in Net Assets				(868,549)
Net Assets Beginning of Year				3,125,389
Net Assets End of Year				\$2,256,840

See accompanying notes to the basic financial statements

JEFFERSON TOWNSHIP
FRANKLIN COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	GENERAL	FIRE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets					
Equity in Pooled Cash and Cash Equivalents	\$419,677	\$824,471	\$648,416	\$364,276	\$2,256,840
<i>Total Assets</i>	<u>\$419,677</u>	<u>\$824,471</u>	<u>\$648,416</u>	<u>\$364,276</u>	<u>\$2,256,840</u>
Fund Balances					
Designated:					
Designated for Fire Related Capital Assets	\$0	\$0	\$620,978	\$0	\$620,978
Reserved:					
Reserved for Encumbrances	2,319	17,334	27,438	2,272	49,363
Unreserved:					
Undesignated Reported in:					
General Fund	417,358	0	0	0	417,358
Special Revenue Funds	0	807,137	0	310,915	1,118,052
Debt Service Fund	0	0	0	51,089	51,089
<i>Total Fund Balances</i>	<u>\$419,677</u>	<u>\$824,471</u>	<u>\$648,416</u>	<u>\$364,276</u>	<u>\$2,256,840</u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	GENERAL	FIRE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts					
Property and Other Local Taxes	\$221,330	\$2,431,868	\$0	\$449,521	\$3,102,719
Licenses, Permits and Fees	316,403	233,085	0	44,140	593,628
Intergovernmental	232,822	494,547	0	299,358	1,026,727
Special Assessments	0	0	0	15,540	15,540
Earnings on Investments	2,465	0	0	113	2,578
Miscellaneous	14,236	40,315	5,892	6,829	67,272
Total Receipts	787,256	3,199,815	5,892	815,501	4,808,464
Disbursements					
Current:					
General Government	735,808	324,461	0	0	1,060,269
Public Safety	0	2,759,725	0	0	2,759,725
Public Works	15,865	0	0	643,422	659,287
Health	0	0	0	15,657	15,657
Conservation-Recreation	65,028	0	0	0	65,028
Other	0	0	0	5,892	5,892
Capital Outlay	0	168	857,476	133,991	991,635
Debt Service:					
Principal Retirement	0	45,481	0	80,000	125,481
Interest and Fiscal Charges	0	7,500	0	70,955	78,455
Total Disbursements	816,701	3,137,335	857,476	949,917	5,761,429
Excess of Receipts Over (Under) Disbursements	(29,445)	62,480	(851,584)	(134,416)	(952,965)
Other Financing Sources (Uses)					
Other Debt Proceeds	0	0	0	89,316	89,316
Other Financing Uses	(4,900)	0	0	0	(4,900)
Total Other Financing Sources (Uses)	(4,900)	0	0	89,316	84,416
Net Change in Fund Balances	(34,345)	62,480	(851,584)	(45,100)	(868,549)
Fund Balances Beginning of Year	454,022	761,991	1,500,000	409,376	3,125,389
Fund Balances End of Year	\$419,677	\$824,471	\$648,416	\$364,276	\$2,256,840

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$218,818	\$222,936	\$221,330	(\$1,606)
Licenses, Permits and Fees	305,000	305,000	316,403	11,403
Intergovernmental	168,582	231,477	232,822	1,345
Earnings on Investments	11,000	11,000	2,465	(8,535)
Miscellaneous	212,185	160,826	14,236	(146,590)
<i>Total receipts</i>	<u>915,585</u>	<u>931,239</u>	<u>787,256</u>	<u>(143,983)</u>
Disbursements				
Current:				
General Government	850,809	888,582	737,994	150,588
Public Works	15,998	15,998	15,998	0
Health	0	7,000	0	7,000
Conservation-Recreation	75,540	94,200	65,028	29,172
<i>Total Disbursements</i>	<u>942,347</u>	<u>1,005,780</u>	<u>819,020</u>	<u>186,760</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(26,762)</u>	<u>(74,541)</u>	<u>(31,764)</u>	<u>42,777</u>
Other Financing (Uses)				
Advances Out	(3,000)	0	0	0
Other Financing Uses	(53,000)	(50,000)	(4,900)	45,100
<i>Total Other Financing (Uses)</i>	<u>(56,000)</u>	<u>(50,000)</u>	<u>(4,900)</u>	<u>45,100</u>
<i>Net Change in Fund Balance</i>	(82,762)	(124,541)	(36,664)	87,877
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>454,022</u>	<u>454,022</u>	<u>454,022</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$371,260</u>	<u>\$329,481</u>	<u>\$417,358</u>	<u>\$87,877</u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$2,456,838	\$2,474,989	\$2,431,868	(\$43,121)
Licenses, Permits and Fees	258,000	258,000	233,085	(24,915)
Intergovernmental	400,000	400,000	494,547	94,547
Miscellaneous	0	23,125	40,315	17,190
<i>Total receipts</i>	<u>3,114,838</u>	<u>3,156,114</u>	<u>3,199,815</u>	<u>43,701</u>
Disbursements				
Current:				
General Government	323,780	374,582	325,094	49,488
Public Safety	3,006,391	3,192,792	2,769,594	423,198
Capital Outlay	20,000	22,000	7,000	15,000
Debt Service:				
Principal Retirement	60,000	57,500	45,481	12,019
Interest and Fiscal Charges	5,000	7,500	7,500	0
<i>Total Disbursements</i>	<u>3,415,171</u>	<u>3,654,374</u>	<u>3,154,669</u>	<u>499,705</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(300,333)	(498,260)	45,146	543,406
Other Financing Sources				
Other Debt Proceeds	182,916	153,332	0	(153,332)
<i>Total Other Financing Sources</i>	<u>182,916</u>	<u>153,332</u>	<u>0</u>	<u>(153,332)</u>
<i>Net Change in Fund Balance</i>	(117,417)	(344,928)	45,146	390,074
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>761,991</u>	<u>761,991</u>	<u>761,991</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$644,574</u>	<u>\$417,063</u>	<u>\$807,137</u>	<u>\$390,074</u>

See accompanying notes to the basic financial statements

JEFFERSON TOWNSHIP
FRANKLIN COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
AGENCY FUND
DECEMBER 31, 2010

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$359,926</u>
<i>Total Assets</i>	<u><u>\$359,926</u></u>
Net Assets	
Unrestricted	<u>\$359,926</u>
<i>Total Net Assets</i>	<u><u>\$359,926</u></u>

See accompanying notes to the basic financial statements

JEFFERSON TOWNSHIP
FRANKLIN COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,125,389</u>
<i>Total Assets</i>	<u><u>\$3,125,389</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$1,088
Debt Service	48,013
Other Purposes	1,122,266
Unrestricted	<u>1,954,022</u>
<i>Total Net Assets</i>	<u><u>\$3,125,389</u></u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants, Intrest, and Contributions	Governmental Activities
Governmental Activities				
General Government	\$1,066,013	\$366,228	\$214,811	(\$484,974)
Public Safety	2,625,334	238,890	18,294	(2,368,150)
Public Works	653,632	0	205,990	(447,642)
Health	5,885	2,000	0	(3,885)
Conservation-Recreation	75,768	0	0	(75,768)
Capital Outlay	289,458	0	0	(289,458)
Debt Service:				
Principal	113,369	0	0	(113,369)
Interest	79,888	0	0	(79,888)
<i>Total Governmental Activities</i>	<u>4,909,347</u>	<u>607,118</u>	<u>439,095</u>	<u>(3,863,134)</u>
General Receipts				
Property Taxes				
General				347,453
Fire				2,366,042
Other				303,949
Other Taxes				14,496
Grants and Entitlements not Restricted to Specific Programs				658,463
Other Debt Proceeds				189,980
Earnings on Investments				9,716
Miscellaneous				<u>62,269</u>
<i>Total General Receipts</i>				3,952,368
Change in Net Assets				89,234
<i>Net Assets Beginning of Year</i>				<u>3,036,155</u>
<i>Net Assets End of Year</i>				<u><u>\$3,125,389</u></u>

See accompanying notes to the basic financial statements

JEFFERSON TOWNSHIP
FRANKLIN COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	GENERAL	FIRE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets					
Equity in Pooled Cash and Cash Equivalents	\$454,022	\$761,991	\$1,500,000	\$409,376	\$3,125,389
<i>Total Assets</i>	<u>\$454,022</u>	<u>\$761,991</u>	<u>\$1,500,000</u>	<u>\$409,376</u>	<u>\$3,125,389</u>
Fund Balances					
Designated:					
Designated for Fire Related Capital Assets	\$0	\$0	\$1,500,000	\$0	\$1,500,000
Unreserved:					
Undesignated Reported in:					
General Fund	454,022	0	0	0	454,022
Special Revenue Funds	0	761,991	0	360,276	1,122,267
Debt Service Fund	0	0	0	48,012	48,012
Capital Projects Funds	0	0	0	1,088	1,088
<i>Total Fund Balances</i>	<u>\$454,022</u>	<u>\$761,991</u>	<u>\$1,500,000</u>	<u>\$409,376</u>	<u>\$3,125,389</u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	GENERAL	FIRE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts					
Property and Other Local Taxes	\$212,589	\$2,366,042	\$0	\$438,791	\$3,017,422
Licenses, Permits and Fees	284,988	238,890	0	73,450	597,328
Intergovernmental	317,417	484,533	0	295,518	1,097,468
Special Assessments	0	0	0	14,496	14,496
Earnings on Investments	9,616	0	0	212	9,828
Miscellaneous	17,422	31,209	0	23,428	72,059
Total Receipts	842,032	3,120,674	0	845,895	4,808,601
Disbursements					
Current:					
General Government	765,548	300,465	0	0	1,066,013
Public Safety	0	2,625,334	0	0	2,625,334
Public Works	15,998	0	0	637,634	653,632
Health	2,760	0	0	3,125	5,885
Conservation-Recreation	75,768	0	0	0	75,768
Capital Outlay	0	277,548	0	11,910	289,458
Debt Service:					
Principal Retirement	0	21,750	0	91,619	113,369
Interest and Fiscal Charges	0	4,740	0	75,148	79,888
Total Disbursements	860,074	3,229,837	0	819,436	4,909,347
Excess of Receipts Over (Under) Disbursements	(18,042)	(109,163)	0	26,459	(100,746)
Other Financing Sources (Uses)					
Other Debt Proceeds	0	189,980	0	0	189,980
Transfers In	0	0	1,500,000	0	1,500,000
Transfers Out	0	(1,500,000)	0	0	(1,500,000)
Advances In	2,000	0	0	2,000	4,000
Advances Out	(2,000)	0	0	(2,000)	(4,000)
Total Other Financing Sources (Uses)	0	(1,310,020)	1,500,000	0	189,980
Net Change in Fund Balances	(18,042)	(1,419,183)	1,500,000	26,459	89,234
Fund Balances Beginning of Year	472,064	2,181,174	0	382,917	3,036,155
Fund Balances End of Year	\$454,022	\$761,991	\$1,500,000	\$409,376	\$3,125,389

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$211,101	\$217,087	\$212,589	(\$4,498)
Licenses, Permits and Fees	274,000	245,000	284,988	39,988
Intergovernmental	186,500	319,908	317,417	(2,491)
Earnings on Investments	70,000	15,000	9,616	(5,384)
Miscellaneous	90,000	32,451	17,422	(15,029)
<i>Total receipts</i>	<u>831,601</u>	<u>829,446</u>	<u>842,032</u>	<u>12,586</u>
Disbursements				
Current:				
General Government	863,103	866,260	765,548	100,712
Public Works	15,998	15,998	15,998	0
Health	2,782	2,782	2,760	22
Conservation-Recreation	105,646	97,260	75,768	21,492
<i>Total Disbursements</i>	<u>987,529</u>	<u>982,300</u>	<u>860,074</u>	<u>122,226</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(155,928)</u>	<u>(152,854)</u>	<u>(18,042)</u>	<u>134,812</u>
Other Financing Sources (Uses)				
Advances In	0	0	2,000	2,000
Advances Out	(3,000)	(3,000)	(2,000)	1,000
Other Financing Uses	(50,000)	(50,000)	0	50,000
<i>Total Other Financing Sources (Uses)</i>	<u>(53,000)</u>	<u>(53,000)</u>	<u>0</u>	<u>53,000</u>
<i>Net Change in Fund Balance</i>	(208,928)	(205,854)	(18,042)	187,812
<i>Unencumbered Cash Balance Beginning of Year</i>	458,865	458,865	458,865	0
Prior Year Encumbrances Appropriated	13,199	13,199	13,199	0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$263,136</u>	<u>\$266,210</u>	<u>\$454,022</u>	<u>\$187,812</u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$2,426,385	\$2,417,831	\$2,366,042	(\$51,789)
Licenses, Permits and Fees	163,200	180,000	238,890	58,890
Intergovernmental	436,185	380,000	484,533	104,533
Miscellaneous	4,000	131,255	31,209	(100,046)
<i>Total receipts</i>	<u>3,029,770</u>	<u>3,109,086</u>	<u>3,120,674</u>	<u>11,588</u>
Disbursements				
Current:				
General Government	304,210	323,040	300,465	22,575
Public Safety	2,635,188	2,784,079	2,625,334	158,745
Capital Outlay	273,167	292,567	277,548	15,019
Debt Service:				
Principal Retirement	60,000	60,000	21,750	38,250
Interest and Fiscal Charges	5,000	5,000	4,740	260
<i>Total Disbursements</i>	<u>3,277,565</u>	<u>3,464,686</u>	<u>3,229,837</u>	<u>234,849</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(247,795)	(355,600)	(109,163)	246,437
Other Financing Sources (Uses)				
Other Debt Proceeds	0	0	189,980	189,980
Transfers Out	0	(1,500,000)	(1,500,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(1,500,000)</u>	<u>(1,310,020)</u>	<u>189,980</u>
<i>Net Change in Fund Balance</i>	(247,795)	(1,855,600)	(1,419,183)	436,417
<i>Unencumbered Cash Balance Beginning of Year</i>	1,926,347	1,926,347	1,926,347	0
Prior Year Encumbrances Appropriated	<u>254,827</u>	<u>254,827</u>	<u>254,827</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$1,933,379</u>	<u>\$325,574</u>	<u>\$761,991</u>	<u>\$436,417</u>

See accompanying notes to the basic financial statements

JEFFERSON TOWNSHIP
FRANKLIN COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
AGENCY FUND
DECEMBER 31, 2009

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$436,926</u>
<i>Total Assets</i>	<u><u>\$436,926</u></u>
Net Assets	
Unrestricted	<u>\$436,926</u>
<i>Total Net Assets</i>	<u><u>\$436,926</u></u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 1 – Reporting Entity

Jefferson Township, Franklin County, Ohio (the Township), is a body politic and corporate established in 1816 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.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

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

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

C. Public Entity Risk Pools

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

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, 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.

A. Basis of Presentation

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

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Township has no business-type activities.

The statement of net assets presents the cash balances 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 is 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.

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. Fiduciary funds are reported by type.

B. 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into two categories, governmental and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's only major governmental funds are the General Fund, the Fire Fund, and the Capital Project Fund. The General Fund is used to account for all financial resources, except those required to be accounted for 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. The Fire Fund is used to account for revenues and expenditures that are related to the Township's fire department. The Capital Project Fund is a capital reserve fund used to accumulate funds for the acquisition or improvement of fire related capital assets. The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (continued)

Fiduciary Funds

The Township's only fiduciary fund is its Agency Fund. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township's Agency Fund accounts for maintenance and construction bonds for real estate development and construction of multi and single family homes.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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.

D. Budgetary Process

All funds, except agency 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.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Cash and Investments

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”.

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, respectively.

During 2010, the Township invested in U.S. Treasury Bills, and maintained a checking account at PNC Bank. During 2009, the Township invested in STAR Ohio, and maintained a checking account at PNC Bank.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2009.

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 2010 was \$2,465 and \$9,616 during 2009 respectively.

F. 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.

G. 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.

H. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

I. 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.

J. 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 postretirement healthcare benefits.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

K. 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. Lease payments are reported when paid.

L. Net Assets

Net assets are 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. The Township held no restricted net assets during 2010 and 2009.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The Township designates the portion of fund balances that are related to its Capital Project Fund that was created during 2009 to accumulate funds for fire related capital assets. Unreserved and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

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 and the fire 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 is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). At the end of 2010 there were outstanding encumbrances of \$2,319 in the General Fund, \$17,334 in the Fire Fund, \$27,438 in the Capital Projects Fund, and \$2,272 in the remaining other governmental funds. At the end of 2009 there were no outstanding encumbrances.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

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.

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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (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;
7. The State Treasurer's investment pool (STAR Ohio).

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. 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.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

Note 4 – Deposits and Investments (Continued)

Protection of the Township’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$374,723 and \$2,414,502 of the Township’s bank balance of \$624,723 and \$2,664,502 for 2010 and 2009 respectively, was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the Township’s name.

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 and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2010 the Township had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
U.S. Treasury Bill	\$ 999,145	01/06/2011
U.S. Treasury Bill	997,528	06/30/2011
Total Portfolio	<u>\$1,996,673</u>	

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of the securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee”

Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The Township places no limit on the amount it may invest in any one issuer.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2010 and 2009 for real and public utility property taxes represents collections of the 2009 and 2008 taxes, respectively. Property tax payments received during 2010 and 2009 for tangible personal property (other than public utility property) is for 2010 and 2009.

2010 and 2009 real property taxes are levied after October 1, 2010 and 2009, respectively on the assessed values as of January 1, 2010 and 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2010 and 2009 real property taxes are collected in and intended to finance 2011 and 2010, respectively.

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

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 and 2009 public utility property taxes which became a lien on December 31, 2009 and 2008, respectively, are levied after October 1, 2010 and 2009, and are collected in 2011 and 2010 with real property taxes.

2010 and 2009 tangible property taxes are levied after October 1, 2009 and 2008, on the value as of December 31, 2009 and 2008. Collections are made in 2010 and 2009. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory was zero for 2010 and 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the year ended December 31, 2010 and 2009, was \$63.33 and \$61.04 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2010 and 2009 property tax receipts were based are as follows:

	2010	2009
Real Property	\$479,626,790	\$473,510,360
Public Utility Property	8,761,480	8,904,180
Tangible Personal Property	8,842,363	9,343,237
Total Assessed Values	<u>\$497,230,633</u>	<u>\$491,757,777</u>

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.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

Note 6 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008. (the latest information available)

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$40,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

Note 6 – Risk Management (Continued)

<u>Contributions to OTARMA</u>	
<u>2010</u>	<u>2009</u>
\$49,995	\$40,055

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to, but less than the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent for 2010 and 17.63 percent for 2009 of covered payroll for public safety employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety members contributed 10.5 percent in 2010 and 10.1 percent in 2009. 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 Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

The Township's contribution rate for 2010 was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31,

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

Note 7– Defined Benefit Pension Plan (Continued)

2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The Township's contribution rate for 2009 was 14 percent, except for those plan members in public safety, for whom the Township's contribution rate was 17.63 percent of covered payroll. For the period of January 1 through March 31, 2009, a portion of the Township's contribution equal to 7 percent of covered payroll was allocated to the postemployment healthcare plan; for the period April 1 through December 31, 2009, this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent, except for public safety, where the maximum employer contribution rate is 18.1 percent. The Township has no public safety employees covered by OPERS.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$101,726, \$78,228, and \$135,809, respectively. The full amount has been contributed for 2010, 2009, and 2008.

B. Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 17.25 percent of covered payroll for firefighters. The Township's contributions to OP&F for firefighters were \$367,334 for the year ended December 31, 2010, \$352,483 for the year ended December 31, 2009, and \$352,813 for the year ended December 31, 2008. The full amount has been contributed for 2010, 2009 and 2008.

C. Social Security

Part-time firefighters, EMT, and paramedics contribute to Social Security (FICA). Contribution rates are approved by the United States Congress. Members contributed 6.2 percent of their gross wages to FICA and the Township matches that contribution in an amount equal to 6.2 percent. The Township has paid all contributions required through December 31, 2010.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description - 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 plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained 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 post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety employers contributed at 17.87 percent for 2010 and 17.4 percent for 2009. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. For 2009, the amount of the employer contribution allocated to the health care plan was 7 percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

Note 8 - Postemployment Benefits (Continued)

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2010 and 2009 were \$44,043 and \$78,228 respectively and 100 percent has been contributed for 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 Trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the Section 115 Trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2010, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

Note 8 - Postemployment Benefits (Continued)

The Township's contributions to OP&F for the years ended December 31, 2010, 2009, and 2008 were \$169,947, \$177,108, and \$97,406, respectively. The full amount has been contributed for 2010, 2009, and 2008.

Note 9 - Debt

The Township's long-term debt activity for the year ended December 31, 2010, was as follows:

	Interest Rate	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010	Due Within One Year
<u>Governmental Activities</u>						
Fire Station & Equipment Series A (\$950,000)	various	\$705,000	\$0	\$40,000	\$665,000	\$40,000
Fire Station & Equipment Series B (\$950,000)	various	\$710,000	\$0	\$40,000	\$670,000	\$40,000
Total		<u>\$1,415,000</u>	<u>\$0</u>	<u>\$80,000</u>	<u>\$1,335,000</u>	<u>\$80,000</u>

The Township's long-term debt activity for the year ended December 31, 2009, was as follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Due Within One Year
<u>Governmental Activities</u>						
<u>General Obligation Bonds</u>						
Fire Station & Equipment Series A (\$950,000)	various	\$740,000	\$0	\$35,000	\$705,000	\$40,000
Fire Station & Equipment Series B (\$950,000)	various	\$745,000	\$0	\$35,000	\$710,000	\$40,000
Total		<u>\$1,485,000</u>	<u>\$0</u>	<u>\$70,000</u>	<u>\$1,415,000</u>	<u>\$80,000</u>

The general obligation bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The following is a summary of the Township's future annual debt service requirements:

Year	G.O. Bonds	
	Principal	Interest
2011	\$80,000	\$67,015
2012	90,000	63,055
2013	95,000	58,578
2014	100,000	53,828
2015	110,000	48,828
2016-2020	695,000	151,275
2021	165,000	8,330
Totals	<u>\$1,335,000</u>	<u>\$450,909</u>

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

Note 9 – Debt (Continued)

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2010, were an overall debt margin of \$51,289,261 and an unvoted debt margin of \$26,865,803.

Note 10 – Leases

The Township leases vehicles under noncancelable leases. The Township disbursed \$52,981 during 2010 and \$48,872 during 2009 to pay lease costs of which \$45,142 and \$43,369 were for principal respectively. Future lease payments are as follows:

Year	Amount
2011	\$72,809
2012	72,809
2013	46,318
2014	19,828
2015	19,828
Total	<u>\$231,592</u>

Note 11 – Interfund Transfers

During 2009 the following transfer was made:

Transfers from the Fire Fund to:	
Capital Projects Fund	<u>\$1,500,000</u>
Total Transfers from the Fire Fund	<u><u>\$1,500,000</u></u>

Transfer represents the establishment of a capital reserve fund to accumulate resources for the acquisition, construction, or improvement of fire related capital assets..

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding and disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes refunds, if any, would be immaterial.

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Dave Yost • Auditor of State

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

Jefferson Township
Franklin County
6545 Havens Road
Blacklick, Ohio 43004

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 16, 2011, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

June 16, 2011

JEFFERSON TOWNSHIP
FRANKLIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Financial Statement presentation	No	Partially Corrected, reissued as verbal comment

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Dave Yost • Auditor of State

JEFFERSON TOWNSHIP

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 12, 2011**