



Dave Yost • Auditor of State

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

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FRANKLIN COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Jefferson Township
Franklin County
6545 Havens Road
Blacklick, Ohio 43004

To the Board of Trustees:

Report on the Financial Statements

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, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, 2012 and 2011, 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 accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2011, the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Township's financial statements that collectively comprise its basic financial statements. *Management's Discussion & Analysis* includes tables of net assets, changes in net assets, governmental activities and long-term debt. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2013, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

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
Columbus, Ohio

September 3, 2013

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**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
UNAUDITED**

This discussion and analysis of Jefferson Township's (the Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2012 and 2011, 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 2012 and 2011 are as follows:

Net Position of governmental activities decreased \$85,532 or 3.79% from 2010 to 2011 and increased \$222,405 or 10.24% from 2011 to 2012. Estate tax receipts contributed to the increase in 2012.

The Township's general receipts are primarily property taxes. These receipts represent respectively \$3,152,316 or 65.13% for 2011 and \$3,080,555 and 55.45% percent for 2012 of the total cash received for governmental activities during that year. Property tax receipts for 2012 decreased compared to 2011 due to struggles within the economy.

In FY 2011, the Township refunded debt for the Fire Station and Equipment Bonds. These two term notes were consolidated into one issue.

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 position 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, 2012 AND 2011
UNAUDITED**

Reporting the Township as a Whole

The statement of net position and the statement of activities reflect how the Township did financially during 2012 and 2011, within the limitations of cash basis accounting. The statement of net position 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 Position 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, Fire, Bond Retirement, and Capital Projects Funds during 2011 while the General and Fire Funds were considered major funds during 2012. 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, 2012 AND 2011
UNAUDITED**

The Township as a Whole

Table 1 provides a summary of the Township's net position for 2012 and 2011 compared to 2010 on a cash basis:

**(Table 1)
Net Position**

	Governmental Activities		
	2012	2011	2010
Assets			
Equity in pooled Cash and Cash Equivalents	\$ 2,393,713	\$ 2,171,308	\$ 2,256,840
Total Assets	<u>\$ 2,393,713</u>	<u>\$ 2,171,308</u>	<u>\$ 2,256,840</u>
Net Position			
Restricted for:			
Capital Outlay	\$ 3,312	\$ 590,567	\$ -
Debt Service	34,255	55,906	51,089
Other Purposes	1,196,306	972,799	1,137,658
Unrestricted	1,159,840	552,036	1,068,093
Total Net Position	<u>\$ 2,393,713</u>	<u>\$ 2,171,308</u>	<u>\$ 2,256,840</u>

As mentioned previously, net Position of governmental activities decreased \$85,532 or 3.79% from 2010 to 2011 and increased \$222,405 or 10.24% from 2011 to 2012. Estate tax receipts contributed to the increase in 2012.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
UNAUDITED**

Table 2 reflects the changes in net position on a cash basis in 2012, 2011, and 2010 for governmental activities.

(Table 2)			
Changes in Net Position			
	Governmental		
	Activities		
	2012	2011	2010
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 821,391	\$ 746,978	\$ 605,238
Operating Grants, Contributions, and Interest	516,150	585,836	407,119
Capital Grants and Contributions	169,951	25,743	-
Total Program Receipts	1,507,492	1,358,557	1,012,357
General Receipts:			
Property Taxes	3,001,050	3,063,512	3,102,718
Other Taxes	-	-	15,540
Sale of Bonds	-	1,255,000	-
Grants and Entitlements	1,005,071	336,610	619,642
Other Debt Proceeds	-	-	89,316
Earnings on Investments	5,340	4,289	2,543
Miscellaneous	36,337	76,968	55,664
Total General Receipts	4,047,798	4,736,379	3,885,423
Total Receipts	5,555,290	6,094,936	4,897,780
Disbursements:			
General Government	1,164,945	1,162,499	1,060,269
Public Safety	3,175,052	2,839,268	2,759,725
Public Works	413,646	502,867	659,287
Health	10,293	15,025	15,657
Conservation Recreation	83,053	90,238	65,028
Other	-	229	10,792
Capital Outlay	259,440	95,518	991,635
Principal	192,482	1,401,425	125,481
Interest	33,974	73,399	78,455
Total Disbursements	5,332,885	6,180,468	5,766,329
Increase (Decrease) in Net Position	222,405	(85,532)	(868,549)
Net Position, January 1	2,171,308	2,256,840	3,125,389
Net Position, December 31	\$ 2,393,713	\$ 2,171,308	\$ 2,256,840

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
UNAUDITED**

Program receipts represent 27.14% in 2012, 22.29% in 2011, and 20.67% in 2010 of total receipts and are primarily comprised of restricted intergovernmental receipts such as homestead and rollback, motor vehicle license, gasoline tax money, special assessments, building permits and inspection fees and third party charges to insurers for emergency medical services.

General receipts represent 72.86% in 2012, 77.71% in 2011, and 79.33% in 2010 of total receipts, and of this amount, 74.14% in 2012, 64.68% in 2011, and 79.85% in 2010 are property taxes. State and federal grants and entitlements made up 24.83% in 2012, 7.11% in 2011, and 15.95% in 2010 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 general government and public safety, which account for 81.38% and 64.75% of all governmental disbursements in 2012 and 2011, respectively. Debt service also represents a significant cost in 2011, about 23.86%. 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.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
UNAUDITED**

(Table 3)

Governmental Activities

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
General Government	\$ 1,164,945	\$ 713,068	\$ 1,162,499	\$ 670,269
Public Safety	3,175,052	2,563,976	2,839,268	2,242,190
Public Works	413,646	(29,893)	502,867	234,118
Health	10,293	9,293	15,025	14,525
Conservation Recreation	83,053	83,053	90,238	90,238
Other	-	-	229	229
Capital Outlay	259,440	259,440	95,518	95,518
Debt Service:				
Principal	192,482	192,482	1,401,425	1,401,425
Interest & Fiscal Charges	33,974	33,974	73,399	73,399
Total Disbursements	\$ 5,332,885	\$ 3,825,393	\$ 6,180,468	\$ 4,821,911

The dependence upon property tax receipts is apparent as 71.73% and 78.02% for 2012 and 2011 respectively, of governmental activities are supported through these general receipts.

The Township's Funds

Total Governmental funds had receipts of \$5,555,290 and disbursements of \$5,332,885 during 2012 and receipts of \$6,094,936 and disbursements of \$6,180,468 during 2011. The greatest change within Governmental funds for 2012 occurred with intergovernmental revenue in the amount of \$742,222.

The General Fund had a net change in fund balance of \$607,804 during 2012, and \$132,359 during 2011, indicating that the General Fund is operating at a surplus.

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 2012 and 2011, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts by \$24,935 due to unexpected intergovernmental revenue and a decrease in License Permits, and Fees in 2012. Actual receipts exceeded final budgeted receipts by \$667,828 due to estate tax. The difference between final budgeted receipts and actual receipts was not significant for 2011.

During 2012 final disbursements were budgeted at \$828,887 while actual disbursements were \$704,938. The Township kept spending below budgeted amounts as demonstrated by the reported variances.

During 2011 final disbursements were budgeted at \$961,255 while actual disbursements were \$818,635. The Township kept spending below budgeted amounts as demonstrated by the reported variances.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
UNAUDITED**

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, 2012, the Township's outstanding debt included \$1,129,500 in general obligation bonds issued for improvements to buildings and structures, and \$81,484 in capital leases for vehicles. For further information regarding the Township's debt, refer to Notes 10 and 11 to the basic financial statements.

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 POSITION - CASH BASIS
DECEMBER 31, 2012**

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,393,713
<i>Total Assets</i>	<u>\$ 2,393,713</u>
Net Position	
Restricted for:	
Capital Projects	\$ 3,312
Debt Service	34,255
Other Purposes	1,196,306
Unrestricted	<u>1,159,840</u>
<i>Total Net Position</i>	<u>\$ 2,393,713</u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
General Government	\$ 1,164,945	\$ 417,878	\$ 33,999	\$ -	\$ (713,068)
Public Safety	3,175,052	303,584	307,492	-	(2,563,976)
Public Works	413,646	98,929	174,659	169,951	29,893
Health	10,293	1,000	-	-	(9,293)
Conservation-Recreation	83,053	-	-	-	(83,053)
Capital Outlay	259,440	-	-	-	(259,440)
Debt Service:					
Principal Retirement	192,482	-	-	-	(192,482)
Interest and Fiscal Charges	33,974	-	-	-	(33,974)
Total Governmental Activities	\$ 5,332,885	\$ 821,391	\$ 516,150	\$ 169,951	\$ (3,825,393)
General Receipts:					
Property Taxes Levied for:					
General Purposes					3,001,050
Grants and Entitlements not Restricted to Specific Programs					1,005,071
Earnings on Investments					5,340
Miscellaneous					36,337
Total General Receipts					4,047,798
<i>Change in Net Position</i>					222,405
<i>Net Position Beginning of Year</i>					2,171,308
<i>Net Position End of Year</i>					\$ 2,393,713

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	<u>General</u>	<u>Fire</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,159,840	\$ 587,500	\$ 646,373	\$ 2,393,713
<i>Total Assets</i>	<u>1,159,840</u>	<u>587,500</u>	<u>646,373</u>	<u>2,393,713</u>
Fund Balances				
Restricted	\$ -	\$ 587,500	\$ 646,373	\$ 1,233,873
Assigned	2,058	-	-	2,058
Unassigned (Deficit)	<u>1,157,782</u>	<u>-</u>	<u>-</u>	<u>1,157,782</u>
<i>Total Fund Balances</i>	<u>\$ 1,159,840</u>	<u>\$ 587,500</u>	<u>\$ 646,373</u>	<u>\$ 2,393,713</u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Fire Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 200,700	\$ 2,387,647	\$ 492,208	\$ 3,080,555
Licenses, Permits and Fees	352,129	303,584	51,264	706,977
Intergovernmental	762,107	335,420	592,141	1,689,668
Special Assessments	-	-	19,424	19,424
Earnings on Investments	5,056	-	1,788	6,844
Miscellaneous	21,502	25,430	4,866	51,798
<i>Total Receipts</i>	<u>1,341,494</u>	<u>3,052,081</u>	<u>1,161,691</u>	<u>5,555,266</u>
Disbursements				
Current:				
General Government	614,801	550,144	-	1,164,945
Public Safety	-	2,963,368	211,684	3,175,052
Public Works	145	-	413,501	413,646
Health	4,880	-	5,413	10,293
Conservation-Recreation	83,053	-	-	83,053
Capital Outlay	-	12,753	246,687	259,440
Debt Service:				
Principal Retirement	-	49,819	142,663	192,482
Interest and Fiscal Charges	-	3,162	30,812	33,974
<i>Total Disbursements</i>	<u>702,879</u>	<u>3,579,246</u>	<u>1,050,760</u>	<u>5,332,885</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>638,615</u>	<u>(527,165)</u>	<u>110,931</u>	<u>222,381</u>
Other Financing Sources (Uses)				
Transfers In	-	565,482	10,835	576,317
Transfers Out	(10,835)	-	(565,482)	(576,317)
Advances In	-	-	20,000	20,000
Advances Out	(20,000)	-	-	(20,000)
Other Financing Sources	24	-	-	24
<i>Total Other Financing Sources (Uses)</i>	<u>(30,811)</u>	<u>565,482</u>	<u>(534,647)</u>	<u>24</u>
<i>Net Change in Fund Balances</i>	607,804	38,317	(423,716)	222,405
<i>Fund Balances Beginning of Year</i>	552,036	549,183	1,070,089	2,171,308
<i>Fund Balances End of Year</i>	<u>\$ 1,159,840</u>	<u>\$ 587,500</u>	<u>\$ 646,373</u>	<u>\$ 2,393,713</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
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 216,840	\$ 201,545	\$ 200,700	\$ (845)
Licenses, Permits and Fees	481,761	338,000	352,129	14,129
Intergovernmental	-	110,521	762,107	651,586
Earnings on Investments	-	4,000	5,056	1,056
Miscellaneous	-	19,600	21,502	1,902
<i>Total Receipts</i>	<u>698,601</u>	<u>673,666</u>	<u>1,341,494</u>	<u>667,828</u>
Disbursements				
Current:				
General Government	639,036	716,336	616,670	99,666
Public Works	145	145	145	-
Health	11,329	10,179	4,883	5,296
Conservation-Recreation	89,177	102,227	83,240	18,987
<i>Total Disbursements</i>	<u>739,687</u>	<u>828,887</u>	<u>704,938</u>	<u>123,949</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(41,086)</u>	<u>(155,221)</u>	<u>636,556</u>	<u>791,777</u>
Other Financing Sources (Uses)				
Transfers Out	(10,835)	(30,835)	(10,835)	20,000
Advances Out	(20,000)	(20,000)	(20,000)	-
Other Financing Sources	-	-	24	24
<i>Total Other Financing Sources (Uses)</i>	<u>(30,835)</u>	<u>(50,835)</u>	<u>(30,811)</u>	<u>20,024</u>
<i>Net Change in Fund Balance</i>	(71,921)	(206,056)	605,745	811,801
<i>Unencumbered Fund Balance Beginning of Year</i>	500,944	500,944	500,944	-
Prior Year Encumbrances Appropriated	51,092	51,092	51,092	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 480,115</u>	<u>\$ 345,980</u>	<u>\$ 1,157,781</u>	<u>\$ 811,801</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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 2,436,285	\$ 2,417,049	\$ 2,387,647	\$ (29,402)
Licenses, Permits and Fees	620,675	263,820	303,584	39,764
Intergovernmental	-	312,500	335,420	22,920
Miscellaneous	-	106,271	25,430	(80,841)
<i>Total Receipts</i>	<u>3,056,960</u>	<u>3,099,640</u>	<u>3,052,081</u>	<u>(47,559)</u>
Disbursements				
Current:				
General Government	580,621	582,621	550,385	32,236
Public Safety	2,950,796	3,141,995	2,970,162	171,833
Capital Outlay	1,100	31,100	12,753	18,347
Debt Service:				
Principal Retirement	49,819	49,819	49,819	-
Interest and Fiscal Charges	3,162	3,162	3,162	-
<i>Total Disbursements</i>	<u>3,585,498</u>	<u>3,808,697</u>	<u>3,586,281</u>	<u>222,416</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(528,538)</u>	<u>(709,057)</u>	<u>(534,200)</u>	<u>174,857</u>
Other Financing Sources (Uses)				
Transfers In	-	565,482	565,482	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>565,482</u>	<u>565,482</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>(528,538)</u>	<u>(143,575)</u>	<u>31,282</u>	<u>174,857</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	520,744	520,744	520,744	-
Prior Year Encumbrances Appropriated	<u>28,439</u>	<u>28,439</u>	<u>28,439</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 20,645</u>	<u>\$ 405,608</u>	<u>\$ 580,465</u>	<u>\$ 174,857</u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 374,654</u>
<i>Total Assets</i>	<u><u>\$ 374,654</u></u>
Net Position	
Held on Behalf of; Construction Bonds	<u>\$ 374,654</u>
<i>Total Net Position</i>	<u><u>\$ 374,654</u></u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2011**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 2,171,308</u>
<i>Total Assets</i>	<u><u>\$ 2,171,308</u></u>
Net Position	
Restricted for:	
Capital Projects	\$ 590,567
Debt Service	55,906
Other Purposes	972,799
Unrestricted	<u>552,036</u>
<i>Total Net Position</i>	<u><u>\$ 2,171,308</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, 2011**

	Program Cash Receipts				Receipts and Changes
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
General Government	\$ 1,162,499	\$ 379,792	\$ 112,438	\$ -	\$ (670,269)
Public Safety	2,839,268	263,590	307,745	25,743	(2,242,190)
Public Works	502,867	103,096	165,653	-	(234,118)
Health	15,025	500	-	-	(14,525)
Conservation-Recreation	90,238	-	-	-	(90,238)
Other	229	-	-	-	(229)
Capital Outlay	95,518	-	-	-	(95,518)
Debt Service:					
Principal Retirement	1,401,425	-	-	-	(1,401,425)
Interest and Fiscal Charges	73,399	-	-	-	(73,399)
Total Governmental Activities	\$ 6,180,468	\$ 746,978	\$ 585,836	\$ 25,743	(4,821,911)
General Receipts:					
Property Taxes Levied for:					
General Purposes					3,063,512
Grants and Entitlements not Restricted to Specific Programs					336,610
Sale of Bonds					1,255,000
Earnings on Investments					4,289
Miscellaneous					76,968
Total General Receipts					4,736,379
<i>Change in Net Position</i>					(85,532)
<i>Net Position Beginning of Year</i>					2,256,840
<i>Net Position End of Year</i>					\$ 2,171,308

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	General	Fire	Bond Retirement Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 552,036	\$ 549,183	\$ 55,906	\$ 590,567	\$ 423,616	\$ 2,171,308
<i>Total Assets</i>	<u>\$ 552,036</u>	<u>\$ 549,183</u>	<u>\$ 55,906</u>	<u>\$ 590,567</u>	<u>\$ 423,616</u>	<u>\$ 2,171,308</u>
Fund Balances						
Restricted	\$ -	\$ 549,183	\$ 55,906	\$ 590,567	\$ 423,616	\$ 1,619,272
Assigned	51,092	-	-	-	-	51,092
Unassigned	500,944	-	-	-	-	500,944
<i>Total Fund Balances</i>	<u>\$ 552,036</u>	<u>\$ 549,183</u>	<u>\$ 55,906</u>	<u>\$ 590,567</u>	<u>\$ 423,616</u>	<u>\$ 2,171,308</u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Fire Fund	Bond Retirement Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 213,159	\$ 2,408,636	\$ 136,104	\$ -	\$ 394,417	\$ 3,152,316
Licenses, Permits and Fees	338,354	263,590	-	-	26,003	627,947
Intergovernmental	325,224	405,031	17,792	25,743	173,656	947,446
Special Assessments	-	-	-	-	14,292	14,292
Earnings on Investments	4,143	-	-	702	187	5,032
Miscellaneous	19,251	57,916	-	3,000	12,736	92,903
<i>Total Receipts</i>	<u>900,131</u>	<u>3,135,173</u>	<u>153,896</u>	<u>29,445</u>	<u>621,291</u>	<u>4,839,936</u>
Disbursements						
Current:						
General Government	650,447	512,052	-	-	-	1,162,499
Public Safety	-	2,839,268	-	-	-	2,839,268
Public Works	15,986	-	-	-	486,881	502,867
Health	10,872	-	-	-	4,153	15,025
Conservation-Recreation	90,238	-	-	-	-	90,238
Capital Outlay	-	6,160	2,064	87,294	-	95,518
Debt Service:						
Principal Retirement	-	49,910	1,335,000	-	16,515	1,401,425
Interest and Fiscal Charges	-	3,071	67,015	-	3,313	73,399
<i>Total Disbursements</i>	<u>767,543</u>	<u>3,410,461</u>	<u>1,404,079</u>	<u>87,294</u>	<u>510,862</u>	<u>6,180,239</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>132,588</u>	<u>(275,288)</u>	<u>(1,250,183)</u>	<u>(57,849)</u>	<u>110,429</u>	<u>(1,340,303)</u>
Other Financing Sources (Uses)						
Sale of Bonds	-	-	1,255,000	-	-	1,255,000
Other Financing Uses	(229)	-	-	-	-	(229)
<i>Total Other Financing Sources (Uses)</i>	<u>(229)</u>	<u>-</u>	<u>1,255,000</u>	<u>-</u>	<u>-</u>	<u>1,254,771</u>
<i>Net Change in Fund Balances</i>	132,359	(275,288)	4,817	(57,849)	110,429	(85,532)
<i>Fund Balances Beginning of Year</i>	<u>419,677</u>	<u>824,471</u>	<u>51,089</u>	<u>648,416</u>	<u>313,187</u>	<u>2,256,840</u>
<i>Fund Balances End of Year</i>	<u>\$ 552,036</u>	<u>\$ 549,183</u>	<u>\$ 55,906</u>	<u>\$ 590,567</u>	<u>\$ 423,616</u>	<u>\$ 2,171,308</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
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 219,879	\$ 216,955	\$ 213,159	\$ (3,796)
Licenses, Permits and Fees	326,500	326,500	338,354	11,854
Intergovernmental	171,619	169,761	325,224	155,463
Earnings on Investments	2,400	2,144	4,143	1,999
Miscellaneous	16,100	16,100	19,251	3,151
<i>Total Receipts</i>	<u>736,498</u>	<u>731,460</u>	<u>900,131</u>	<u>168,671</u>
Disbursements				
Current:				
General Government	709,805	767,513	655,477	112,036
Public Works	16,131	16,132	16,132	-
Health	11,940	16,000	10,979	5,021
Conservation-Recreation	116,610	116,610	91,047	25,563
Capital Outlay	50,000	45,000	45,000	-
<i>Total Disbursements</i>	<u>904,486</u>	<u>961,255</u>	<u>818,635</u>	<u>142,620</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(167,988)</u>	<u>(229,795)</u>	<u>81,496</u>	<u>311,291</u>
Other Financing (Uses)				
Other Financing Uses	(30,000)	(30,450)	(229)	30,221
<i>Total Other Financing Sources (Uses)</i>	<u>(30,000)</u>	<u>(30,450)</u>	<u>(229)</u>	<u>30,221</u>
Net Change in Fund Balance	(197,988)	(260,245)	81,267	341,512
Unencumbered Fund Balance Beginning of Year	417,358	417,358	417,358	-
Prior Year Encumbrances Appropriated	2,319	2,319	2,319	-
Unencumbered Fund Balance End of Year	<u>\$ 221,689</u>	<u>\$ 159,432</u>	<u>\$ 500,944</u>	<u>\$ 341,512</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 2,459,691	\$ 2,458,341	\$ 2,408,636	\$ (49,705)
Licenses, Permits and Fees	212,050	212,050	263,590	51,540
Intergovernmental	499,493	474,989	405,031	(69,958)
Miscellaneous	16,000	39,320	57,916	18,596
<i>Total Receipts</i>	<u>3,187,234</u>	<u>3,184,700</u>	<u>3,135,173</u>	<u>(49,527)</u>
Disbursements				
Current:				
General Government	616,306	660,396	516,005	144,391
Public Safety	2,769,072	3,156,526	2,863,754	292,772
Capital Outlay	6,160	6,160	6,160	-
Debt Service:				
Principal Retirement	52,980	52,980	49,910	3,070
Interest and Fiscal Charges	5,558	5,558	3,071	2,487
<i>Total Disbursements</i>	<u>3,450,076</u>	<u>3,881,620</u>	<u>3,438,900</u>	<u>442,720</u>
<i>Net Change in Fund Balance</i>	(262,842)	(696,920)	(303,727)	(393,193)
<i>Unencumbered Fund Balance Beginning of Year</i>	807,137	807,137	807,137	-
Prior Year Encumbrances Appropriated	<u>17,334</u>	<u>17,334</u>	<u>17,334</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 561,629</u>	<u>\$ 127,551</u>	<u>\$ 520,744</u>	<u>\$ (393,193)</u>

See accompanying notes to the basic financial statements

JEFFERSON TOWNSHIP
FRANKLIN COUNTY

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 376,404</u>
<i>Total Assets</i>	<u><u>\$ 376,404</u></u>
Net Position	
Construction Bonds	<u>\$ 376,404</u>
<i>Total Net Position</i>	<u><u>\$ 376,404</u></u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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 fire and EMS services, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

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

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. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, accessible to the Township, and significant in amount to the Township. The Township has no component units.

Public Entity Risk Pool

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 7 to the financial statements provide additional information for the 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 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.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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, 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 activity.

The statement of net position presents the cash balances, of the governmental type 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 extent to which each governmental function 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. 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 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.

Fire Fund The fire fund is used to account for revenue and expenditures that relate to the Township's fire department.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Bond Retirement Fund The bond retirement fund accounts for and reports resources restricted for the retirement of debt issued.

Capital Projects Fund The capital projects 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 and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Fiduciary Fund The Townships 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.

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.

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.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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 2012, the Township invested in STAROhio Plus, and maintained a checking account at PNC Bank. During 2011, the Township invested in U.S. Treasury Bills, and maintained a checking account at PNC Bank.

STAROhio Plus is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAROhio Plus 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 STAROhio Plus are valued at STAROhio Plus share price, which is the price the investment could be sold for on December 31, 2012.

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 2012 and 2011 were \$5,056 and \$4,143, respectively.

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.

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.

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.

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.

JEFFERSON TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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 8 and 9, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

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.

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. 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.

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. 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.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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.

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 – Change in Accounting Principle

For 2011, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on fund balances of the major governmental funds and all other governmental funds as previously reported.

For 2012, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Township's 2011 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 – 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 and fire funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). For 2012, the encumbrances outstanding at year end (budgetary basis) amounted to \$2,059 for the general fund and \$7,035 for the fire fund. For 2011, the encumbrances outstanding at year end (budgetary basis) amounted to \$51,092 for the general fund and \$28,439 for the fire fund.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 5 – 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 two 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 (STAROhio Plus).

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.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 5 – Deposits and Investments

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

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, \$27,393 and \$1,306,085 of the Township's bank balance of \$277,393 and \$1,566,085 for 2012 and 2011, 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, 2012, the Township had the following investment:

<u>Investment Type</u>	<u>Fair Value</u>
STAROhio Plus	<u>\$2,501,461</u>
Total Investments	<u><u>\$2,501,461</u></u>

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short term investments.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Custodial Credit Risk 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 repurchase agreement, federal national mortgage association notes, federal home loan mortgage corporation notes, and the federal home loan bank notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 5 – Deposits and Investments (Continued)

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 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 trustees.

Note 6 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2012 and 2011 for real and public utility property taxes represents collections of 2012 and 2011 taxes.

2012 and 2011 real property taxes are levied after October 1, 2012 and 2011, respectively, on the assessed value as of January 1, 2012 and 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 and 2011 real property taxes are collected in and intended to finance 2012.

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. 2012 and 2011 public utility property taxes which became a lien December 31, 2011 and 2010, are levied after October 1, 2011 and 2010, and are collected in 2012 with real property taxes. The full tax rate for all Township operations for the years ending December 31, 2011, 2012, was \$72.41 & \$71.29 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 & 2012 property tax receipts were based are as follows:

	FY 2012	FY 2011
Real Property	\$441,905,990	\$445,946,280
Public Utility Personal Property	8,480,290	8,270,250
Tangible Personal Property	8,585,550	8,387,430
Total	\$458,971,830	\$462,603,960

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

Note 7 – 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.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 7 – Risk Management (Continued)

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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, 2012, OTARMA retained \$350,000 for casualty claims and \$250,000 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.

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, 2012 and 2011 (the latest information available):

	<u>2012</u>	<u>2011</u>
Assets	\$34,771,270	\$35,086,165
Liabilities	<u>(9,355,082)</u>	<u>(9,718,792)</u>
Net Position	<u>\$25,416,188</u>	<u>\$25,367,373</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.1 million of estimated incurred claims payable. The assets above also include approximately \$7.96 and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, 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.

Contributions to OTARMA

	<u>2012</u>	<u>2011</u>
	\$60,310	\$58,607

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 7 – Risk Management (Continued)

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.

Settlement claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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

Note 8 – Defined Benefit Pension Plan

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 Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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. Interested parties may obtain a copy 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 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 of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions and 12 percent for law Enforcement and public safety members. For the year ended December 31, 2012 and 2011, members in the state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. 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 2012 and 2011, member and employer contribution rates were consistent across all three plans.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 8 – Defined Benefit Pension Plan (Continued)

The Township's contribution rate for 2012 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, 2011, and 5 percent from March 1 through December 31, 2011. 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, 2012, and 4.23 percent from March 1 through December 31, 2012. Employer contribution rates are actuarially determined.

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$140,128, 151,328 and \$101,726. The full amount has been contributed for 2012, 2011, and 2010.

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 – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 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 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The Township's contributions to OP&F for police and firefighters pension were \$389,327, \$464,703, and \$367,334 for the years ending December 31, 2012, 2011, and 2010. The full amount has been contributed for 2012, 2011, and 2010.

Note 9 - Postemployment Benefits

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.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 9 - Postemployment Benefits (Continued)

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 and law enforcement employers contributed at 17.87 percent. 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 law and 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.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided to 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.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$5,962, \$6,401, and \$4,303, respectively. The full amount has been contributed for 2012, 2011, and 2010.

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 enforcement 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.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 9 - Postemployment Benefits (Continued)

Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium 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 administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit 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 into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care 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 health care 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.

The Township's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$67,159, \$80,161, and \$63,365 for the years ended December 31, 2012, 2011, and 2010. The full amount has been contributed for 2012, 2011, and 2010.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 10 – Debt

The Township's long-term debt activity for the year ended December 31, 2012, was as follows:

	Amount Outstanding 12/31/11	Additions	Deletions	Amount Outstanding 12/31/12	Amounts Due in One Year
Governmental Activities:					
Refunding Bond 2011 Series	\$1,255,000	\$0	\$125,500	\$1,129,500	\$125,500
Service Department Dump Truck	72,801	0	17,163	55,638	17,837
Fire Department Medic	75,664	0	49,818	25,846	25,845
Totals:	\$1,403,465	\$0	\$192,481	\$1,210,984	\$169,182

The Township's long-term debt activity for the year ended December 31, 2011, was as follows:

	Amount Outstanding 12/31/10	Additions	Deletions	Amount Outstanding 12/31/11	Amounts Due in One Year
Governmental Activities:					
Fire Station & Equipment Series A (\$950,000)	\$665,000	\$0	\$665,000	\$0	\$0
Fire Station & Equipment Series B (\$950,000)	670,000	0	670,000	0	0
Refunding Bond 2011 Series	0	1,255,000	0	1,255,000	125,500
Service Department Dump Truck	89,316	0	16,515	72,801	17,163
Fire Department Medic	123,807	0	47,423	75,664	49,818
Totals:	\$1,548,123	\$1,255,000	\$1,398,938	\$1,403,465	\$192,481

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.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 10 – Debt (Continued)

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

Year	General Obligation Bonds	
	Principal	Interest
2013	\$ 125,500	\$ 24,158
2014	125,500	21,397
2015	125,500	18,636
2016	125,500	15,875
2017	125,500	13,115
2018-2021	502,000	24,849
Total	\$ 1,129,500	\$ 118,030

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 amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2012 and 2011 were an overall debt margin of \$10,065,099 and \$14,316,324, with an unvoted debt margin of \$3,426,946 and \$3,753,932.

Note 11 – Leases

The Township leases buildings, vehicles and other equipment under noncancelable leases. The Township disbursed \$66,982 and \$63,938 to pay lease costs for the years ended December 31, 2012 and 2011. Future lease payments are as follows:

Year	Amount
2013	\$46,318
2014	19,828
2015	19,828
Total	\$85,974

Note 12 – 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:

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 12 – Fund Balances (Continued)

The Township's fund balances for the year ended December 31, 2012, was as follows:

Fund Balances	General	Fire Fund	Other Governmental Funds	Total
Restricted for				
Issue II Project	\$0	\$0	\$3,312	\$3,312
Fire operations	0	587,500	11,044	598,544
Road and Bridge	0	0	575,862	575,862
Debt Service	0	0	34,255	34,255
Cemetery	0	0	21,900	21,900
<i>Total Restricted</i>	<u>0</u>	<u>587,500</u>	<u>646,373</u>	<u>1,233,873</u>
Assigned to				
Encumbrances	2,058	0	0	2,058
<i>Total Assigned</i>	<u>2,058</u>	<u>0</u>	<u>0</u>	<u>2,058</u>
Unassigned	<u>1,157,782</u>	<u>0</u>	<u>0</u>	<u>1,157,782</u>
<i>Total Fund Balances</i>	<u><u>\$1,159,840</u></u>	<u><u>\$587,500</u></u>	<u><u>\$646,373</u></u>	<u><u>\$2,393,713</u></u>

The Township's fund balances for the year ended December 31, 2011, was as follows:

Fund Balances	General	Fire Fund	General Bond Retirement Fund	Capital Projects Fund	Other Governmental Funds	Total
Restricted for						
Fire operations	\$0	\$549,183	\$0	\$590,567	\$8,032	1,147,782
Road and Bridge	0	0	0	0	400,568	400,568
Debt Service	0	0	55,906	0	0	55,906
Cemetery	0	0	0	0	15,016	15,016
<i>Total Restricted</i>	<u>0</u>	<u>549,183</u>	<u>55,906</u>	<u>590,567</u>	<u>423,616</u>	<u>1,619,272</u>
Assigned to						
Encumbrances	51,092	0	0	0	0	51,092
<i>Total Assigned</i>	<u>51,092</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>51,092</u>
Unassigned	<u>500,944</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>500,944</u>
<i>Total Fund Balances</i>	<u><u>\$552,036</u></u>	<u><u>\$549,183</u></u>	<u><u>\$55,906</u></u>	<u><u>\$590,567</u></u>	<u><u>\$423,616</u></u>	<u><u>\$2,171,308</u></u>

JEFFERSON TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)

Note 13 – Interfund Transfers

During 2012, the General Fund transferred \$10,835 to the FEMA special revenue fund to provide additional resources. The transfer represents the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Further, the Capital Projects Fund transferred \$565,482 to the Fire Fund to repay unused accumulated resources.

Note 14 – 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 any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the 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, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 3, 2013, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles. We also noted, during 2011, the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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
Columbus, Ohio

September 3, 2013



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
SEPTEMBER 24, 2013**