



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhscpas.com](http://www.bhscpas.com)

JEFFERSON TOWNSHIP  
FRANKLIN COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2014 and 2013  
Fiscal Years Audited Under GAGAS: 2014 and 2013





# Dave Yost • Auditor of State

Board of Trustees  
Jefferson Township  
6545 Havens Road  
Blacklick, Ohio 43004

We have reviewed the *Independent Auditor's Report* of the Jefferson Township, Franklin County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 14, 2015

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**Jefferson Township**  
**Franklin County, Ohio**  
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*For the Fiscal Years Ended December 31, 2014 and 2013*

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# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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## 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 and related notes of Jefferson Township, Franklin County, (the Township) as of and for the years ended December 31, 2014 and 2013.

### Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### 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 opinion.

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Jefferson Township, Franklin County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

### **Emphasis of Matter**

As discussed in Note 11 to the financial statements, during 2013, the Township elected to change its financial presentation to the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America. We did not modify our opinion regarding this matter.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2015, 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.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Worthington, Ohio  
May 21, 2015

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

|  | <u>Governmental Fund Types</u> |                            |                         |                             | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |   |
| <b>Cash Receipts:</b>                                  |                                |                            |                         |                             |   |
| Property and Other Local Taxes                         | \$ 415,655                     | \$ 3,917,871               | \$ 144,457              | \$ -                        | \$4,477,983                             |
| Licenses, Permits and Fees                             | 520,767                        | 258,659                    | -                       | -                           | 779,426                                 |
| Intergovernmental                                      | 180,021                        | 673,740                    | 19,659                  | 635,796                     | 1,509,216                               |
| Special Assessments                                    | 206                            | 12,521                     | -                       | -                           | 12,727                                  |
| Earnings on Investments                                | 5,583                          | 456                        | -                       | -                           | 6,039                                   |
| Miscellaneous  | 15,828                         | 10,887                     | -                       | -                           | 26,715                                  |
| <b>Total Cash Receipts</b>                             | <u>1,138,060</u>               | <u>4,874,134</u>           | <u>164,116</u>          | <u>635,796</u>              | <u>6,812,106</u>                        |
| <b>Cash Disbursements:</b>                             |                                |                            |                         |                             |   |
| Current:   |                                |                            |                         |                             |   |
| General Government                                     | 800,599                        | 592,992                    | -                       | -                           | 1,393,591                               |
| Public Safety  | -                              | 3,091,790                  | -                       | -                           | 3,091,790                               |
| Public Works   | -                              | 437,100                    | -                       | -                           | 437,100                                 |
| Health   | 89,517                         | 21,994                     | -                       | -                           | 111,511                                 |
| Community-Recreation                                   | 154,875                        | -                          | -                       | -                           | 154,875                                 |
| Capital Outlay   | 7,684                          | 687,207                    | 1,616                   | 539,834                     | 1,236,341                               |
| Debt Service:  |                                |                            |                         |                             |   |
| Principal Retirement                                   | -                              | 371,717                    | 125,500                 | -                           | 497,217                                 |
| Interest and Fiscal Charges                            | -                              | 41,020                     | 21,383                  | -                           | 62,403                                  |
| <b>Total Cash Disbursements</b>                        | <u>1,052,675</u>               | <u>5,243,820</u>           | <u>148,499</u>          | <u>539,834</u>              | <u>6,984,828</u>                        |
| Excess of Receipts Over/ (Under) Disbursements         | 85,385                         | (369,686)                  | 15,617                  | 95,962                      | (172,722)                               |
| <b>Other Financing Receipts/ (Disbursements):</b>      |                                |                            |                         |                             |   |
| Other Debt Proceeds                                    | -                              | 513,862                    | -                       | -                           | 513,862                                 |
| Transfers In   | -                              | 177,000                    | -                       | -                           | 177,000                                 |
| Transfers Out  | (177,000)                      | -                          | -                       | -                           | (177,000)                               |
| Advances In  | 104,034                        | -                          | -                       | -                           | 104,034                                 |
| Advances Out   | -                              | -                          | -                       | (104,034)                   | (104,034)                               |
| <b>Total Other Financing Receipts/ (Disbursements)</b> | <u>(72,966)</u>                | <u>690,862</u>             | <u>-</u>                | <u>(104,034)</u>            | <u>513,862</u>                          |
| Net Change in Fund Cash Balances                       | 12,419                         | 321,176                    | 15,617                  | (8,072)                     | 341,140                                 |
| Fund Cash Balances, January 1                          | <u>1,291,920</u>               | <u>2,086,054</u>           | <u>41,591</u>           | <u>8,072</u>                | <u>3,427,637</u>                        |
| <b>Fund Cash Balances, December 31</b>                 |                                |                            |                         |                             |   |
| Restricted   | -                              | 2,407,230                  | 57,208                  | -                           | 2,464,438                               |
| Assigned   | 20,932                         | -                          | -                       | -                           | 20,932                                  |
| Unassigned   | 1,283,407                      | -                          | -                       | -                           | 1,283,407                               |
| <b>Fund Cash Balances, December 31</b>                 | <u>\$ 1,304,339</u>            | <u>\$ 2,407,230</u>        | <u>\$ 57,208</u>        | <u>\$ -</u>                 | <u>\$ 3,768,777</u>                     |

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

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

|  | <u>Agency<br/>Fund</u>   |
|--|--------------------------|
| <b>Non-Operating Receipts (Disbursements):</b> |                          |
| Other Financing Sources                        | \$ 85,000                |
| Other Financing Uses                           | <u>(126,000)</u>         |
| Total Non-Operating Receipts (Disbursements)   | <u>(41,000)</u>          |
| Net Change in Fund Cash Balances               | (41,000)                 |
| Fund Cash Balances, January 1                  | <u>430,654</u>           |
| Fund Cash Balances, December 31                | <u><u>\$ 389,654</u></u> |

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

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

|   | <u>Governmental Fund Types</u> |                            |                         |                             | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---|--------------------------------|----------------------------|-------------------------|-----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |   |
| <b>Cash Receipts:</b>                                 |                                |                            |                         |                             |   |
| Property and Other Local Taxes                        | \$ 404,661                     | \$ 2,599,028               | \$ 140,807              | \$ -                        | \$3,144,496                             |
| Licenses, Permits and Fees                            | 415,043                        | 290,254                    | -                       | -                           | 705,297                                 |
| Intergovernmental                                     | 338,326                        | 496,425                    | 18,539                  | 174,237                     | 1,027,527                               |
| Special Assessments                                   | -                              | 13,092                     | -                       | -                           | 13,092                                  |
| Earnings on Investments                               | 3,411                          | 361                        | -                       | -                           | 3,772                                   |
| Miscellaneous   | 12,279                         | 11,320                     | -                       | -                           | 23,599                                  |
| <b>Total Cash Receipts</b>                            | <u>1,173,720</u>               | <u>3,410,480</u>           | <u>159,346</u>          | <u>174,237</u>              | <u>4,917,783</u>                        |
| <b>Cash Disbursements:</b>                            |                                |                            |                         |                             |   |
| Current:  |                                |                            |                         |                             |   |
| General Government                                    | 749,006                        | 555,788                    | -                       | -                           | 1,304,794                               |
| Public Safety   | -                              | 3,103,334                  | -                       | -                           | 3,103,334                               |
| Public Works  | 110,220                        | 269,423                    | -                       | -                           | 379,643                                 |
| Health  | 3                              | 3,531                      | -                       | -                           | 3,534                                   |
| Community-Recreation                                  | 98,377                         | -                          | -                       | -                           | 98,377                                  |
| Capital Outlay  | -                              | 28,895                     | 2,359                   | 253,511                     | 284,765                                 |
| Debt Service:   |                                |                            |                         |                             |   |
| Principal Retirement                                  | -                              | 55,085                     | 125,500                 | -                           | 180,585                                 |
| Interest and Fiscal Charges                           | -                              | 4,676                      | 24,151                  | -                           | 28,827                                  |
| <b>Total Cash Disbursements</b>                       | <u>957,606</u>                 | <u>4,020,732</u>           | <u>152,010</u>          | <u>253,511</u>              | <u>5,383,859</u>                        |
| Excess of Receipts Over (Under) Disbursements         | 216,114                        | (610,252)                  | 7,336                   | (79,274)                    | (466,076)                               |
| <b>Other Financing Receipts (Disbursements):</b>      |                                |                            |                         |                             |   |
| Sale of Bonds   | -                              | 1,500,000                  | -                       | -                           | 1,500,000                               |
| Transfers In  | -                              | 8,032                      | -                       | -                           | 8,032                                   |
| Transfers Out   | -                              | (8,032)                    | -                       | -                           | (8,032)                                 |
| Advances In   | 520,000                        | 500,000                    | -                       | 104,034                     | 1,124,034                               |
| Advances Out  | (604,034)                      | (500,000)                  | -                       | (20,000)                    | (1,124,034)                             |
| <b>Total Other Financing Receipts (Disbursements)</b> | <u>(84,034)</u>                | <u>1,500,000</u>           | <u>-</u>                | <u>84,034</u>               | <u>1,500,000</u>                        |
| Net Change in Fund Cash Balances                      | 132,080                        | 889,748                    | 7,336                   | 4,760                       | 1,033,924                               |
| Fund Cash Balances, January 1                         | <u>1,159,840</u>               | <u>1,196,306</u>           | <u>34,255</u>           | <u>3,312</u>                | <u>2,393,713</u>                        |
| <b>Fund Cash Balances, December 31</b>                |                                |                            |                         |                             |   |
| Restricted  | -                              | 2,086,054                  | 41,591                  | 8,072                       | 2,135,717                               |
| Assigned  | 20,932                         | -                          | -                       | -                           | 20,932                                  |
| Unassigned  | 1,270,988                      | -                          | -                       | -                           | 1,270,988                               |
| <b>Fund Cash Balances, December 31</b>                | <u>\$ 1,291,920</u>            | <u>\$ 2,086,054</u>        | <u>\$ 41,591</u>        | <u>\$ 8,072</u>             | <u>\$ 3,427,637</u>                     |

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

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

|   | <u>Agency<br/>Fund</u>   |
|---|--------------------------|
| <b>Non-Operating Receipts (Disbursements)</b> |                          |
| Other Financing Sources                       | \$ 76,000                |
| Other Financing Uses                          | <u>(20,000)</u>          |
| Total Non-Operating Receipts (Disbursements)  | <u>56,000</u>            |
| Net Change in Fund Cash Balances              | 56,000                   |
| Fund Cash Balances, January 1                 | <u>374,654</u>           |
| Fund Cash Balances, December 31               | <u><b>\$ 430,654</b></u> |

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

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Jefferson Township, Franklin County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services, road maintenance, cemetery maintenance, and fire and EMS services.

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 8 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.

**B. Accounting Basis**

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

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fire Fund – This fund is used to account for revenue and expenditures that related to the Township’s fire department.

**3. Debt Service Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

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

**4. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds

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.

**5. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township’s own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township’s agency fund accounts for maintenance and construction bonds for real estate development and construction of multi and single family homes.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

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

**2. Estimated Resources**

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

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**F. Fund Balance**

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

**1. Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are 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.

**5. Unassigned**

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

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

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Property, Plant and Equipment**

The Township records disbursements for acquisition of property, plant and equipments when paid. The accompanying financial statements do not report these items as assets.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

|                                | 2014         | 2013         |
|--------------------------------|--------------|--------------|
| Demand deposits                | \$ 4,158,431 | \$ 1,858,263 |
| Total deposits                 | 4,158,431    | 1,858,263    |
| Star Ohio                      | -            | 2,000,028    |
| Total investments              | -            | 2,000,028    |
| Total deposits and investments | \$ 4,158,431 | \$ 3,858,291 |

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

**Investments:** Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

| 2014 Budgeted vs. Actual Receipts |                      |                    |            |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
| General                           | \$ 931,483           | \$ 1,242,094       | \$ 310,611 |
| Special Revenue                   | 5,596,526            | 5,564,996          | (31,530)   |
| Debt Service                      | 164,258              | 164,116            | (142)      |
| Capital Projects                  | 683,727              | 635,796            | (47,931)   |
| Fiduciary                         | 100,000              | 85,000             | (15,000)   |
| Total                             | \$ 7,475,994         | \$ 7,692,002       | \$ 216,008 |

| 2014 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |              |
|---|----------------------------|---------------------------|--------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance     |
| General   | \$ 2,018,100               | \$ 1,229,675              | \$ 788,425   |
| Special Revenue                                       | 5,898,213                  | 5,243,820                 | 654,393      |
| Debt Service  | 148,513                    | 148,499                   | 14           |
| Capital Projects                                      | 579,693                    | 643,868                   | (64,175)     |
| Fiduciary   | 366,000                    | 126,000                   | 240,000      |
| Total   | \$ 9,010,519               | \$ 7,391,862              | \$ 1,618,657 |

| 2013 Budgeted vs. Actual Receipts |                      |                    |            |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
| General                           | \$ 1,089,038         | \$ 1,693,720       | \$ 604,682 |
| Special Revenue                   | 5,326,026            | 5,418,512          | 92,486     |
| Debt Service                      | 159,770              | 159,346            | (424)      |
| Capital Projects                  | 516,877              | 278,271            | (238,606)  |
| Fiduciary                         | 100,000              | 76,000             | (24,000)   |
| Total                             | \$ 7,191,711         | \$ 7,625,849       | \$ 434,138 |

| 2013 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |            |
|---|----------------------------|---------------------------|------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance   |
| General   | \$ 1,835,594               | \$ 1,561,640              | \$ 273,954 |
| Special Revenue                                       | 4,598,680                  | 4,528,764                 | 69,916     |
| Debt Service  | 152,159                    | 152,010                   | 149        |
| Capital Projects                                      | 261,583                    | 273,511                   | (11,928)   |
| Fiduciary   | 474,654                    | 20,000                    | 454,654    |
| Total   | \$ 7,322,670               | \$ 6,535,925              | \$ 786,745 |

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT**

Debt outstanding at December 31, 2014 was as follows:

|                                     | Principal    | Interest Rate |
|-------------------------------------|--------------|---------------|
| Refunding Bonds, 2011 Series        | \$ 878,500   | 2.20%         |
| Service Department Dump Truck       | 19,265       | 3.88%         |
| Tax Anticipation Notes, 2013 Series | 1,200,000    | 2.68%         |
| Total                               | \$ 2,097,765 |               |

In 2013, the Township issued \$1,500,000 in tax anticipation notes in anticipation of the collection of proceeds of the 3.00 mill fire levy. The Township's taxing authority collateralized the notes. These notes are paid from the Special Levy Fire Fund.

In 2011, the Township issued \$1,255,000 in refunding bonds in order to refund Fire Station & Equipment Series A and B Bonds. These 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. These bonds are paid from the Bond Retirement Funds.

In 2010, the Township purchased a dump truck for the service department. This debt is paid from the Motor Vehicle License Tax Fund.

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

|                          | Refunding<br>Bonds, 2011<br>Series | Service<br>Department<br>Dump Truck | Tax Anticipation<br>Notes, 2013 Series |
|--------------------------|------------------------------------|-------------------------------------|--|
| Year ending December 31: |                                    |                                     |  |
| 2015                     | \$ 144,137                         | \$ 19,828                           | \$ 332,160                             |
| 2016                     | 141,375                            | -                                   | 324,120                                |
| 2017                     | 138,615                            | -                                   | 316,080                                |
| 2018                     | 135,853                            | -                                   | 308,040                                |
| 2019                     | 133,093                            | -                                   | -                                      |
| 2020-2021                | 257,903                            | -                                   | -                                      |
| Total                    | \$ 950,976                         | \$ 19,828                           | \$ 1,280,400                           |

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**6. LEASES**

The Township leases vehicles and other equipment under noncancelable leases. The Township disbursed \$59,761 and \$76,713 to pay lease costs for the years ended December 31, 2014 and 2013. Future lease payments are as follows:

| <u>Year</u> | <u>Amount</u>     |
|-------------|-------------------|
| 2015        | \$ 85,165         |
| 2016        | 71,722            |
| 2017        | 58,280            |
| 2018        | 58,280            |
| 2019        | 58,280            |
| 2020-2024   | <u>262,258</u>    |
| Total       | <u>\$ 593,985</u> |

**7. RETIREMENT SYSTEM**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OP&F participants contributed 10% of their wages for January 1, 2013 thru June 30, 2013, 10.75% of their wages for July 1, 2013 thru June 30, 2014, and 11.5% of their wages for July 1, 2014 thru December 31, 2014. For 2014 and 2013, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages, respectively. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

**8. RISK MANAGEMENT**

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), 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.

Property and Casualty Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**8. RISK MANAGEMENT (Continued)**

The aforementioned property and casualty 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, 2014 and 2013 (the latest information available):

|              | <u>2014</u>  | <u>2013</u>  |
|--------------|--------------|--------------|
| Assets       | \$35,970,263 | \$34,954,286 |
| Liabilities  | 8,912,432    | 8,486,363    |
| Net Position | \$27,057,831 | \$26,467,923 |

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$31,000.

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.

| <u>Contributions to OTARMA</u> |             |
|--------------------------------|-------------|
| <u>2014</u>                    | <u>2013</u> |
| \$60,065                       | \$61,112    |

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.

**9. CONTINGENT LIABILITIES**

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

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**10. INTERFUND TRANSFERS**

During 2013, the Board transferred \$8,032 from the Miscellaneous Special Revenue Fund to the Special Levy Fire Fund for the purpose of various contracted services. During 2014, the Board transferred \$125,000 from the General Fund to the Motor Vehicle License Tax Fund for the purpose of supplementing salaries. Also during 2014, the Board approved transferring funds from the General Fund to the Gasoline Tax Fund and the Road and Bridge Fund for \$30,000 and \$22,000, respectively, for the purpose of replenishing salt and other supplies and to fund debt service.

**11. CHANGE IN ACCOUNTING PRINCIPLE**

During 2013, the Township elected to change its financial presentation to the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America. There was no effect on the cash fund balances of the Township.



# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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## **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 the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Jefferson Township, Franklin County, (the Township) as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, and have issued our report thereon dated May 21, 2015, wherein we noted the Township elected to change its financial presentation to and followed financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

### **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 opinion 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.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Worthington, Ohio  
May 21, 2015



# 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  
AUGUST 27, 2015**