



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

JEFFERSON TOWNSHIP
FRANKLIN COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2016 and 2015
Fiscal Years Audited Under GAGAS: 2016 and 2015



Dave Yost • Auditor of State

Board of Trustees
Jefferson Township
6545 Havens Rd
Blacklick, OH 43004

We have reviewed the *Independent Auditor's Report* of Jefferson Township, Franklin County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2015 through December 31, 2016. 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. 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

September 12, 2017

Board of Trustees

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Franklin County, Ohio
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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 of the cash balance, receipts, and disbursements by fund type and related notes of the Jefferson Township, Franklin County, (the Township), as of and for the years ended December 31, 2016 and 2015.

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, 2016 and 2015, 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 the Jefferson Township, Franklin County, as of December 31, 2016 and 2015, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2017, on our consideration of the Township's internal control over financial reporting and on 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 Standard* in considering the Township's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Columbus, Ohio
May 23, 2017

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, 2016**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$ 425,872	\$ 5,462,388	\$ 147,336	\$ -	\$6,035,596
Licenses, Permits and Fees	774,558	356,942	-	-	1,131,500
Intergovernmental	137,418	529,067	19,562	130,185	816,232
Special Assessments	-	8,953	-	-	8,953
Earnings on Investments	18,921	705	-	-	19,626
Miscellaneous	24,832	13,320	-	-	38,152
Total Cash Receipts	1,381,601	6,371,375	166,898	130,185	8,050,059
Cash Disbursements:					
Current:					
General Government	721,054	666,343	-	-	1,387,397
Public Safety	-	2,986,043	-	-	2,986,043
Public Works	-	602,870	-	-	602,870
Health	135,759	2,620	-	-	138,379
Conservation-Recreation	107,161	-	-	-	107,161
Capital Outlay	20,353	908,690	2,284	130,185	1,061,512
Debt Service:					
Principal Retirement	-	970,740	125,500	-	1,096,240
Interest and Fiscal Charges	-	25,814	15,473	-	41,287
Total Cash Disbursements	984,327	6,163,120	143,257	130,185	7,420,889
Excess of Receipts Over/ (Under) Disbursements	397,274	208,255	23,641	-	629,170
Other Financing Receipts/ (Disbursements):					
Advances In	130,185	-	-	197,283	327,468
Advances Out	(197,283)	-	-	(130,185)	(327,468)
Other Financing Sources	2,322	6,547	-	-	8,869
Total Other Financing Receipts/ (Disbursements)	(64,776)	6,547	-	67,098	8,869
Net Change in Fund Cash Balances	332,498	214,802	23,641	67,098	638,039
Fund Cash Balances, January 1	1,329,703	3,514,365	77,074	-	4,921,142
Fund Cash Balances, December 31					
Restricted	-	3,729,167	100,715	67,098	3,896,980
Unassigned	1,662,201	-	-	-	1,662,201
Fund Cash Balances, December 31	\$ 1,662,201	\$ 3,729,167	\$ 100,715	\$ 67,098	\$ 5,559,181

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, 2016**

	<u>Agency Funds</u>
Operating Cash Disbursements:	
Other	<u>68,450</u>
Total Operating Cash Disbursements	<u>68,450</u>
Operating Income (Loss)	(68,450)
Non-Operating Receipts (Disbursements):	
Miscellaneous Receipts	<u>4,500</u>
Total Non-Operating Receipts (Disbursements)	<u>4,500</u>
Net Change in Fund Cash Balances	(63,950)
Fund Cash Balances, January 1	<u>275,854</u>
Fund Cash Balances, December 31	<u>\$ 211,904</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, 2015**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 419,007	\$ 4,603,823	\$ 146,801	\$ -	\$5,169,631
Licenses, Permits and Fees	490,288	284,868	-	-	775,156
Intergovernmental	146,058	557,029	19,395	95,759	818,241
Special Assessments	-	16,019	-	-	16,019
Earnings on Investments	7,488	428	-	-	7,916
Miscellaneous	19,568	10,920	-	16,600	47,088
	<u>1,082,409</u>	<u>5,473,087</u>	<u>166,196</u>	<u>112,359</u>	<u>6,834,051</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	772,860	642,193	-	-	1,415,053
Public Safety	-	2,871,826	-	-	2,871,826
Public Works	109,258	483,994	-	-	593,252
Health	-	18,877	-	-	18,877
Conservation-Recreation	145,801	-	-	-	145,801
Capital Outlay	36,724	380,747	2,192	112,359	532,022
Debt Service:					
Principal Retirement	-	392,486	125,500	-	517,986
Interest and Fiscal Charges	-	39,531	18,637	-	58,168
	<u>1,064,643</u>	<u>4,829,654</u>	<u>146,329</u>	<u>112,359</u>	<u>6,152,985</u>
Total Cash Disbursements					
Excess of Receipts Over (Under) Disbursements	17,766	643,433	19,867	-	681,066
Other Financing Receipts (Disbursements):					
Sale of Assets	-	425,000	-	-	425,000
Transfers In	-	8,854	-	-	8,854
Transfers Out	(8,854)	-	-	-	(8,854)
Advances In	95,759	-	-	95,759	191,518
Advances Out	(95,759)	-	-	(95,759)	(191,518)
Other Financing Sources	16,372	29,647	-	-	46,019
	<u>7,518</u>	<u>463,501</u>	<u>-</u>	<u>-</u>	<u>471,019</u>
Total Other Financing Receipts (Disbursements)					
Net Change in Fund Cash Balances	25,284	1,106,934	19,867	-	1,152,085
Fund Cash Balances, January 1	<u>1,304,419</u>	<u>2,407,431</u>	<u>57,207</u>	<u>-</u>	<u>3,769,057</u>
Fund Cash Balances, December 31					
Restricted	-	3,514,365	77,074	-	3,591,439
Assigned	-	-	-	-	-
Unassigned	1,329,703	-	-	-	1,329,703
	<u>1,329,703</u>	<u>3,514,365</u>	<u>77,074</u>	<u>-</u>	<u>4,921,142</u>
Fund Cash Balances, December 31					

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, 2015**

	<u>Agency Funds</u>
Operating Cash Disbursements:	
Other	<u>135,000</u>
Total Operating Cash Disbursements	<u>135,000</u>
Operating Income (Loss)	(135,000)
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	21,200
Total Non-Operating Receipts (Disbursements)	<u>21,200</u>
Net Change in Fund Cash Balances	(113,800)
Fund Cash Balances, January 1	<u>389,654</u>
Fund Cash Balances, December 31	<u>\$ 275,854</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, 2016 AND 2015**

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 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 and StarPlus) 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, 2016 AND 2015**

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, 2016 AND 2015**

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 2016 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, 2016 AND 2015**

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:

	<u>2016</u>	<u>2015</u>
Demand deposits	\$ 1,532,346	\$ 1,227,768
Total deposits	<u>1,532,346</u>	<u>1,227,768</u>
Star Ohio and StarPlus	4,238,739	3,969,228
Total investments	<u>4,238,739</u>	<u>3,969,228</u>
Total deposits and investments	<u>\$ 5,771,085</u>	<u>\$ 5,196,996</u>

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, STARPlus 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, 2016 AND 2015**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,019,189	\$ 1,514,108	\$ 494,919
Special Revenue	6,191,262	6,377,924	186,662
Debt Service	169,676	166,898	(2,778)
Capital Projects	470,000	327,468	(142,532)
Fiduciary	-	4,500	4,500
Total	\$ 7,850,127	\$ 8,390,898	\$ 540,771

2016 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,283,000	\$ 1,181,108	\$ 101,892
Special Revenue	6,808,585	6,163,122	645,463
Debt Service	144,000	143,257	743
Capital Projects	470,000	260,370	209,630
Fiduciary	240,000	68,450	171,550
Total	\$ 8,945,585	\$ 7,816,307	\$ 1,129,278

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 939,788	\$ 1,194,540	\$ 254,752
Special Revenue	5,421,432	5,936,588	515,156
Debt Service	166,920	166,196	(724)
Capital Projects	112,359	208,118	95,759
Fiduciary	21,200	21,200	-
Total	\$ 6,661,699	\$ 7,526,642	\$ 864,943

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,541,240	\$ 1,169,256	\$ 371,984
Special Revenue	5,492,664	4,829,654	663,010
Debt Service	146,437	146,329	108
Capital Projects	112,359	208,118	(95,759)
Fiduciary	300,000	135,000	165,000
Total	\$ 7,592,700	\$ 6,488,357	\$ 1,104,343

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

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, 2016 was as follows:

	Principal	Interest Rate
Refunding Bonds, 2011 Series	\$ 627,499	2.20%
Total	\$ 627,499	

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.

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

	Refunding Bonds, 2011 Series
Year ending December 31:	
2017	138,615
2018	135,853
2019	133,093
2020	130,332
2021	127,570
Total	\$ 665,463

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

6. LEASES

The Township leases vehicles and other equipment under noncancelable leases. The Township disbursed \$70,741 and \$73,220 to pay lease costs for the years ended December 31, 2016 and 2015, respectively. Future lease payments are as follows:

<u>Year</u>	<u>Fire Engine</u>	<u>Road Equipment</u>	<u>Total</u>
2017	58,280	26,885	85,165
2018	58,280	13,443	71,723
2019	58,280	-	58,280
2020	58,280	-	58,280
2021	58,280	-	58,280
2022-2024	145,700	-	145,700
Total	<u>\$ 437,100</u>	<u>\$ 40,328</u>	<u>\$ 477,428</u>

7. RETIREMENT SYSTEM

The Township's certified Fire Fighters belong to the Ohio 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 2016 and 2015, fire fighters contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages, respectively. For 2016 and 2015, 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, 2016.

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 American), 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, 2016, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

8. RISK MANAGEMENT (Continued)

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, 2016 and 2015 (the latest information available):

	<u>2016</u>	<u>2015</u>
Assets	\$38,473,283	\$7,313,311
Liabilities	8,244,140	8,418,518
Net Position	\$30,229,143	\$28,894,793

At December 31, 2016 and 2015, respectively, the liabilities above include approximately \$7.4 and \$7.8 million of estimated incurred claims payable. The assets above also include approximately \$6.9 and \$7.7 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2016 and 2015, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$11,000.

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>2016</u>	<u>2015</u>
\$24,949	\$24,429

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. PUBLIC ENTITY POOL

Jefferson Health Plan

The Jefferson Health Plan – The member participates in the Jefferson Health Plan, formerly known as the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Health Benefits Program. The Jefferson Health Plan is a consortium of political subdivisions in the State of Ohio organized and existing as a regional council of governments pursuant to and in accordance with the provisions of the Ohio Revised Code, Chapter 167 with principal offices in Steubenville, Ohio. Each participant appoints a member of the insurance plans' assembly. The Jefferson Health Plan is a non-profit organization pooling

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

9. PUBLIC ENTITY POOL (Continued)

the resources of Ohio public entities having elected to self-insure their benefit programs. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, dental, vision and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The Jefferson Health Plan allows Allocated Balance Fund or Stand-Alone members and Pool organizations to retain control of surpluses in good experience years. Members pay monthly accruals that are actuarially calculated for benefit plans that are sponsored by the entity. Monthly statements and daily transaction reporting on Allocated Balance Fund member reserve accounts allows tracking of experience throughout the plan year. Monthly statements and daily transaction reporting on Pool organization reserve accounts allows tracking of aggregated Pool experience throughout the plan year. Excess reserves can be held in the consortium and earn returns for the Allocated Balance Fund member or Pool, or used as Moratoria against monthly accruals. The Allocated Balance Fund member or Pool's medical and prescription drug plan includes a specific deductible that is selected by the Allocated Balance Fund member or Pool, which can range from \$35,000 to \$200,000. The deductible applies to cumulative medical and drug claim payments made on behalf of a plan participant covered under an approved benefit program during the period July 1 through June 30. Cumulative claim payments which are found to be in excess of the applicable deductible, made on behalf of a covered plan participant during a policy year are covered by the Jefferson Health Plan's Large Claim Reimbursement Program (LCRP). The fee for the specific deductible, selected by the Allocated Balance Fund member or Pool, is included in the monthly funding factors that are paid each month by the member. The LCRP is not owned by the consortium's members. Cumulative claim payments made on behalf of a covered plan participant during a policy year, which are found to exceed \$1,500,000, are eligible for reimbursement from the consortium's umbrella stop loss insurance policy, currently placed through Sun Life. The Board of Directors of the Jefferson Health Plan reserves the right to change, at renewal, the stop loss insurance policy deductible. The Board also reserves the right to change the identity of the umbrella stop loss carrier, as deemed appropriate. Aggregate coverage for Allocated Balance Fund members or Pools, is not available through

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.



**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 the cash balances, receipts, and disbursements by fund type the Jefferson Township, Franklin County, (the Township) as of and for the years ended December 31, 2016 and 2015 and the related notes to the financial statements, and have issued our report thereon dated May 23, 2017, wherein we noted the Township followed financial reporting provisions that Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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 testing 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.



BHM CPA Group, Inc.
Columbus, Ohio
May 23, 2017

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Dave Yost • Auditor of State

JEFFERSON TOWNSHIP

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 19, 2017**