



Dave Yost • Auditor of State



**JEROME TOWNSHIP  
UNION COUNTY**

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UNION COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Jerome Township  
Union County  
9777 Industrial Pkwy  
Plain City, Ohio 43064

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 Jerome Township, Union County, Ohio (the Township), as of and for the years ended December 31, 2016 and 2015, 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 Jerome Township, Union County, Ohio, as of December 31, 2016 and 2015, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Fire District, Police District, and Road and Bridge 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. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. 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 August 21, 2017, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 21, 2017

**Jerome Township  
Union County, Ohio  
Statement of Net Position - Cash Basis  
December 31, 2016**

	Governmental Activities
Assets	
Equity in pooled cash and cash equivalents	\$ 4,320,525
Total assets	\$ 4,320,525
Net position	
Restricted for:	
Public safety	\$ 3,381,621
Public works	47,482
Health	154,774
Debt Service	1,221
Unrestricted	735,427
Total net position	\$ 4,320,525

See accompanying notes to the basic financial statements

**Jerome Township**  
**Union County, Ohio**  
**Statement of Activities - Cash Basis**  
**For the Year Ended December 31, 2016**

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 385,761	\$ 143,440	\$ -	\$ -	\$ (242,321)
Public safety	2,023,794	266,446	269,279	4,875	(1,483,194)
Public works	451,824	-	130,871	-	(320,953)
Health	15,819	28,390	-	-	12,571
Conservation - recreation	7,772	8,860	-	-	1,088
Capital outlay	319,202	-	-	-	(319,202)
Debt Service:					
Principal Retirement	29,095	-	-	-	(29,095)
Interest and Fiscal Charges	1,845	-	-	-	(1,845)
<b>Total governmental activities</b>	<b>\$ 3,235,112</b>	<b>\$ 447,136</b>	<b>\$ 400,150</b>	<b>\$ 4,875</b>	<b>(2,382,951)</b>
General receipts:					
Property taxes levied for:					
					100,386
					287,562
					1,917,896
					245,514
					30,487
					81,488
					400
					25,699
					200,535
					<u>2,889,967</u>
					507,016
					<u>3,813,509</u>
					<u>\$ 4,320,525</u>

See accompanying notes to the basic financial statements



**Jerome Township  
Union County, Ohio  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2016**

	<u>General</u>	<u>Fire Fund</u>	<u>Road and Bridge Fund</u>	<u>Police Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Equity in pooled cash and cash equivalents	\$ 483,746	\$ 2,723,204	\$ 251,681	\$ 480,481	\$ 381,413	\$ 4,320,525
Total assets	<u>\$ 483,746</u>	<u>\$ 2,723,204</u>	<u>\$ 251,681</u>	<u>\$ 480,481</u>	<u>\$ 381,413</u>	<u>\$ 4,320,525</u>
<b>Fund balances</b>						
Restricted	\$ -	\$ 2,723,204	\$ -	\$ 480,481	\$ 381,413	\$ 3,585,098
Committed	-	-	251,681	-	-	251,681
Assigned	150,173	-	-	-	-	150,173
Unassigned	333,573	-	-	-	-	333,573
Total fund balances	<u>\$ 483,746</u>	<u>\$ 2,723,204</u>	<u>\$ 251,681</u>	<u>\$ 480,481</u>	<u>\$ 381,413</u>	<u>\$ 4,320,525</u>

See accompanying notes to the basic financial statements

**Jerome Township**  
**Union County, Ohio**  
**Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2016**

	General	Fire Fund	Road and Bridge Fund	Police Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts:</b>						
Property and other local taxes	\$ 100,386	\$ 1,917,896	\$ 287,562	\$ 245,514	\$ -	\$ 2,551,358
Charges for services	8,860	185,026	-	-	81,419	275,305
Licenses, permits and fees	143,440	-	-	-	15,690	159,130
Fines and forfeitures	15,802	-	-	-	-	15,802
Intergovernmental	81,488	218,358	33,495	28,157	97,333	458,831
Cable franchise fees	30,487	-	-	-	-	30,487
Gifts and donations	400	-	-	-	-	400
Earnings on investments	25,235	-	-	-	464	25,699
Miscellaneous	200,535	10,839	542	-	13,200	225,116
<b>Total receipts</b>	<b>606,633</b>	<b>2,332,119</b>	<b>321,599</b>	<b>273,671</b>	<b>208,106</b>	<b>3,742,128</b>
<b>Disbursements:</b>						
<b>Current:</b>						
General government	385,761	-	-	-	-	385,761
Public safety	-	1,784,521	-	199,971	39,302	2,023,794
Public works	11,168	-	333,609	-	107,046	451,823
Health	-	-	-	-	15,819	15,819
Conservation - recreation	7,772	-	-	-	-	7,772
Capital outlay	5,844	277,045	28,085	-	8,229	319,203
<b>Debt Service:</b>						
Principal Retirement	-	-	-	-	29,095	29,095
Interest and Fiscal Charges	-	-	-	-	1,845	1,845
<b>Total disbursements</b>	<b>410,545</b>	<b>2,061,566</b>	<b>361,694</b>	<b>199,971</b>	<b>201,336</b>	<b>3,235,112</b>
Excess of receipts over (under) disbursements	196,088	270,553	(40,095)	73,700	6,770	507,016
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	31,500	31,500
Transfers out	(31,500)	-	-	-	-	(31,500)
<b>Total other financing sources</b>	<b>(31,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,500</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>164,588</b>	<b>270,553</b>	<b>(40,095)</b>	<b>73,700</b>	<b>38,270</b>	<b>507,016</b>
<b>Fund balances beginning of year</b>	<b>319,158</b>	<b>2,452,651</b>	<b>291,776</b>	<b>406,781</b>	<b>343,143</b>	<b>3,813,509</b>
<b>Fund balances end of year</b>	<b>\$ 483,746</b>	<b>\$ 2,723,204</b>	<b>\$ 251,681</b>	<b>\$ 480,481</b>	<b>\$ 381,413</b>	<b>\$ 4,320,525</b>

See accompanying notes to the basic financial statements

**Jerome Township**  
**Union County, Ohio**  
**Statement of Receipts, Disbursements and Changes**  
**In Fund Balance - Budget and Actual - Budget Basis**  
**General Fund**  
**For the Year Ended December 31, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Receipts:</b>				
Property and other local taxes	\$ 103,417	\$ 103,417	\$ 100,386	\$ (3,031)
Charges for services	8,250	8,250	8,860	610
Fines and forfeitures	13,000	13,000	15,802	2,802
Intergovernmental	33,984	33,984	81,488	47,504
Cable franchise fees	25,000	25,000	30,487	5,487
Gifts and donations	-	-	400	400
Earnings on investments	3,250	3,250	25,235	21,985
Miscellaneous	100,000	100,000	200,535	100,535
<b>Total receipts</b>	<b>286,901</b>	<b>286,901</b>	<b>463,193</b>	<b>176,292</b>
<b>Disbursements:</b>				
<b>Current:</b>				
General government	254,074	255,037	233,327	21,710
Public works	11,500	11,500	11,168	332
Conservation - recreation	6,500	10,356	7,772	2,584
Capital outlay	25,000	20,181	5,844	14,337
<b>Total disbursements</b>	<b>297,074</b>	<b>297,074</b>	<b>258,111</b>	<b>38,963</b>
Excess of receipts over (under) disbursements	(10,173)	(10,173)	205,082	215,255
<b>Other financing sources (uses):</b>				
Transfers out	(31,500)	(31,500)	(31,500)	-
<b>Total other financing sources (uses)</b>	<b>(31,500)</b>	<b>(31,500)</b>	<b>(31,500)</b>	<b>-</b>
Net change in fund balance	(41,673)	(41,673)	173,582	215,255
Fund balance beginning of year	226,038	226,038	226,038	-
<b>Fund balance end of year</b>	<b>\$ 184,365</b>	<b>\$ 184,365</b>	<b>\$ 399,620</b>	<b>\$ 215,255</b>

See accompanying notes to the basic financial statements

**Jerome Township**  
**Union County, Ohio**  
**Statement of Receipts, Disbursements and Changes**  
**In Fund Balance - Budget and Actual - Budget Basis**  
**Fire Fund**  
**For the Year Ended December 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Property and other local taxes	\$ 1,954,084	\$ 1,954,084	\$ 1,917,896	\$ (36,188)
Charges for services	185,026	185,026	185,026	-
Intergovernmental	-	-	218,358	218,358
Miscellaneous	-	-	10,839	10,839
<b>Total receipts</b>	<b>2,139,110</b>	<b>2,139,110</b>	<b>2,332,119</b>	<b>193,009</b>
<b>Disbursements:</b>				
<b>Current:</b>				
Public safety	1,952,529	1,980,185	1,784,521	195,664
Capital outlay	350,000	322,344	277,045	45,299
<b>Total disbursements</b>	<b>2,302,529</b>	<b>2,302,529</b>	<b>2,061,566</b>	<b>240,963</b>
Excess of receipts over (under) disbursements	(163,419)	(163,419)	270,553	433,972
Net change in fund balance	(163,419)	(163,419)	270,553	433,972
Fund balance beginning of year	2,452,651	2,452,651	2,452,651	-
<b>Fund balance end of year</b>	<b>\$ 2,289,232</b>	<b>\$ 2,289,232</b>	<b>\$ 2,723,204</b>	<b>\$ 433,972</b>

See accompanying notes to the basic financial statements

**Jerome Township  
Union County, Ohio  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Road and Bridge Fund  
For the Year Ended December 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and other local taxes	\$ 296,303	\$ 296,303	\$ 287,562	\$ (8,741)
Intergovernmental	-	-	33,495	33,495
Miscellaneous	-	-	542	542
Total receipts	296,303	296,303	321,599	25,296
Disbursements:				
Current:				
Public works	249,276	348,466	333,609	14,857
Capital outlay	50,000	49,810	28,085	21,725
Total disbursements	299,276	398,276	361,694	36,582
Net change in fund balance	(2,973)	(101,973)	(40,095)	61,878
Fund balance beginning of year	291,776	291,776	291,776	-
Fund balance end of year	<u>\$ 288,803</u>	<u>\$ 189,803</u>	<u>\$ 251,681</u>	<u>\$ 61,878</u>

See accompanying notes to the basic financial statements

**Jerome Township**  
**Union County, Ohio**  
**Statement of Receipts, Disbursements and Changes**  
**In Fund Balance - Budget and Actual - Budget Basis**  
**Police Fund**  
**For the Year Ended December 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and other local taxes	\$ 252,670	\$ 252,670	\$ 245,514	\$ (7,156)
Charges for services	-	-	28,157	28,157
Total receipts	252,670	252,670	273,671	21,001
Disbursements:				
Current:				
Public safety	233,854	233,854	199,971	33,883
Total disbursements	233,854	233,854	199,971	33,883
Net change in fund balance	18,816	18,816	73,700	54,884
Fund balance beginning of year	406,781	406,781	406,781	-
Fund balance end of year	<u>\$ 425,597</u>	<u>\$ 425,597</u>	<u>\$ 480,481</u>	<u>\$ 54,884</u>

See accompanying notes to the basic financial statements

**Jerome Township**  
**Union County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 1 – Reporting Entity**

Jerome Township, Union County, Ohio (the Township), is a body politic and corporate established in 1821 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer. The reporting entity is comprised of the primary government.

***Primary Government***

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The primary government of the Township provides the following services to its citizens: general government services, maintenance of Township roads and bridges, fire and emergency medical services and cemetery maintenance. The Township contracts with the Union County Sheriff for added police protection.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in the Basis of Accounting section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally Accepted Accounting Principles (GAAP) 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.

***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. The statements distinguish those activities of the Township that are governmental. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

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

**Jerome Township**  
**Union County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

***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. The funds of the Township are governmental.

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

***General Fund*** 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 accounts for and reports voted property taxes restricted to the operation of the Fire Department and Emergency Medical Services (EMS).

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

***Police Fund*** The police fund accounts for and reports voted property taxes restricted to providing police protection services.

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

***Basis of Accounting***

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

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



**Jerome Township  
Union County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

***Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations resolution, which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Township may appropriate. The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year. Unexpended appropriations lapse at year-end. Encumbrances open at year-end are re-appropriated the following year. 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 with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

During 2016, the Township invested in nonnegotiable certificates of deposit and STAR Ohio. The nonnegotiable certificates of deposit are reported at cost.

**Jerome Township  
Union County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Township also implemented GASB Statement No. 79 for 2016. The implementation of this GASB pronouncement had no effect on beginning net position/fund balance. The Township measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given twenty-four hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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 2016 was \$25,235 which includes \$23,484 assigned from other Township funds.

***Restricted Assets***

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

***Inventory and Prepaid Items***

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

***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.

***Employer Contributions to Cost-Sharing Pension Plans***

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

**Jerome Township**  
**Union County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

***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. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. 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. Net position restricted for other purposes include resources restricted for special revenue funds. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position 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 or enabling legislation (Township resolutions).

Enabling legislation authorizes the Township to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Township can be compelled by an external party such as citizens, public interest groups or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

**Jerome Township**  
**Union County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

*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 the Board of Trustees or a Township official delegated that authority by resolution, or by State Statute. State Statute authorizes the Township Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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.

***Internal Activity***

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

**Note 3 – Budgetary Basis of Accounting**

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

**Note 4 – Deposits and Investments**

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

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

**Jerome Township**  
**Union County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 4 – Deposits and Investments** (continued)

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase,

**Jerome Township**  
**Union County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

**Note 4 – Deposits and Investments** (continued)

unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

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

At year end, the Township had no undeposited cash on hand to be included as part of “Equity in Pooled Cash and Cash Equivalents.” on the financial statements.

***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, \$-0- of the Township’s bank balance of \$213,522 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

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, 2016, the Township had the following investments:

	Cost	Fair Value
Money Market Mutual Fund	\$ 13,777.00	\$ 13,777.00
Certificates of Deposit	2,500,000	2,498,875
STAR Ohio	1,651,748	1,651,748
Total Portfolio	<u>\$ 4,165,525.00</u>	<u>\$ 4,164,400.00</u>

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-2	3-5
Money Market Mutual Fund	\$ 13,777	\$ 13,777	\$ -	\$ -
Certificates of Deposit	2,498,875	750,655	1,000,030	748,190
STAR Ohio	1,651,748	1,651,748	-	-
Total Investments	<u>\$ 4,164,400</u>	<u>\$ 2,416,180</u>	<u>\$ 1,000,030</u>	<u>\$ 748,190</u>

**Jerome Township**  
**Union County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 4 – Deposits and Investments** (continued)

**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 Township has no investment policy dealing with investment custodial risk beyond the requirements in Ohio Revised Code (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 trustee."

**Note 5 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax receipts received in 2016 for real and public utility property taxes represents collections of 2015 taxes.

Real property taxes for 2016 are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. Real property taxes for 2016 are collected in and intended to finance 2017.

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 thirty-five percent of true value. Public utility property taxes for 2016 which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2016, was \$17.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

**Jerome Township  
Union County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

**Note 5 – Property Taxes** (continued)

Real Property	
Residential & Agricultural	\$ 228,528,600
Commercial/Industrial/Mineral	38,369,080
Public Utility Personal Property	5,252,700
Total Assessed Value	\$ 272,150,380

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

**Note 6 – Interfund Transfers**

During 2016, the following transfers were made:

<b>Transfer to</b>	<b>Transfer from</b>			<b>Total</b>
	Major Funds			
	General	Major Special Revenue Fund	Other Nonmajor Governmental	
Other Nonmajor Governmental Funds	\$ 31,500	\$ -	\$ -	\$ 31,500

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 7 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has contracted with several companies for various types of insurance coverage. Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

Workers' compensation coverage is provided by the State of Ohio. 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**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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



**Jerome Township  
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Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

**Note 8 – Defined Benefit Pension Plan** (continued)

defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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

**Jerome Township  
Union County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

**Note 8 – Defined Benefit Pension Plan** (continued)

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.0 percent.

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

	State and Local	Public Safety	Law Enforcement
<b>2016 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
<b>2016 Actual Contribution Rates</b>			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

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

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

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

The Township’s contractually required contribution was \$39,900 for year 2016.

**Jerome Township  
Union County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

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**Note 8 – Defined Benefit Pension Plan** (continued)

***Plan Description – Ohio Police & Fire Pension Fund (OPF)***

Plan Description – Township full-time firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is fifty-two for normal service retirement with at least twenty-five years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is forty-eight for normal service retirement with at least twenty-five years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first twenty years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of twenty-five years. The maximum pension of 72 percent of the allowable average annual salary is paid after thirty-three years of service credit.

Under normal service retirement, retired members who are at least fifty-five years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age fifty-five provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than fifteen years of service credit on July 1, 2013, will receive a COLA equal to either 3.0 percent or the percent increase, if any, in the consumer price index (CPI) over the twelve month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least fifteen years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

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

**Jerome Township  
Union County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

**Note 8 – Defined Benefit Pension Plan** (continued)

	Police	Firefighters
<b>2016 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2016 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Township's contractually required contribution to OPF was \$237,142 for 2016.

***Social Security***

Some of the Township's employees (zoning board members and part-time firefighters) contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant. Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**Note 9 - Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional 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 two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

**Jerome Township**  
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**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 9 - Postemployment Benefits** (continued)

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 remained at 2.0 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2016 was 4.5 percent.

Substantially all of the Township's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$5,700, \$5,498 and \$5,222, respectively. The full amount has been contributed for 2016, 2015 and 2014.

***Ohio Police and Fire Pension Fund***

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

**Jerome Township  
Union County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

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**Note 9 - Postemployment Benefits** (continued)

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF 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.

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 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 OPF defined benefit pension plan. Participating employers are required 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 percent of covered payroll for police and fire employer units. Active members do not make contributions to the OPEB Plan.

OPF maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OPF 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. The portion of employer contributions allocated to health care was 0.5 percent of covered payroll from January 1, 2016 through December 31, 2016. 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 OPF Board of Trustees is also 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 contribution to OPF for the years ended December 31, 2016, 2015, and 2014 were \$237,142, \$221,261 and \$212,323, respectively, of which \$4,940, \$4,610 and \$4,423, respectively, was allocated to the healthcare plan. The full amount has been contributed for 2016, 2015 and 2014.

**Jerome Township  
Union County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

**Note 10 – Debt**

As a result of the use of the cash basis of accounting in this report, obligation related to long-term debt are not reported as liabilities in the financial statements. However, these long-term debt obligations are disclosed below.

***Long Term Obligations***

The Township’s long-term debt activity for the year ended December 31, 2016, was as follows:

	Amount Outstanding 12/31/15	Additions	Deletions	Amount Outstanding 12/31/16	Amounts Due in One Year
<b>Governmental Activities</b>					
General Obligation Notes	\$ 59,303	\$ -	\$ (29,095)	\$ 30,208	\$ 30,208

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

The original note issued in 2012 was for the purchase of park land surrounding the Soldier Monument to allow for the relocation of the monument and the creation of a park. All note proceeds had been spent at December 31, 2016.

Principal and interest requirements to retire general obligation bonds outstanding at December 31, 2016, were as follows:

Year ending December 31	Principal	Interest
2017	\$ 30,208	\$ 793
Total	\$ 30,208	\$ 793

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, 2016, were an overall debt margin of \$28,456,599 and an unvoted debt margin of \$14,849,080.

***Leases***

The Township leases various equipment through lease arrangements. One of the lease agreements qualify as a capital lease for accounting purposes and, therefore has been recorded at the present value of the future minimum lease payments as of the inception date. Payments are made from the funds that purchase the assets. The asset acquired through a capital lease is a 2016 Western Star Truck Model No. 4700 with plow and equipment at a cost of \$146,033.

**Jerome Township**  
**Union County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 10 – Debt** (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2016, were as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 28,085
2018	28,084
2019	28,085
2020	<u>14,042</u>
Total minimum lease payments	98,296
Less amount representing interest	<u>(4,854)</u>
Present value of minimum lease	<u>\$ 93,442</u>

**Note 11 – Commitments**

Pursuant to a three year contract that commenced on January 1, 2016 between the Union County Sheriff, Jerome Township and Millcreek Township, the Sheriff provides three full-time deputies with a normal work week totaling 120 hours exclusively to Jerome and Millcreek Townships to supplement existing law enforcement coverage. The Sheriff assumes full responsibility for hiring, training, assignment, supervision, discipline and dismissal of all assigned personnel and the Townships pay the actual cost of compensating the officers' salary, overtime, OPERS benefits, workers' compensation, Medicare and medical and life insurance. The Sheriff bills the Townships in quarterly installments with Jerome Township paying 75% of the cost and Millcreek Township paying 25% of the cost. The Township paid \$195,250 pursuant to this contract in 2016.

Pursuant to Township policies, accumulated earned but unused vacation, compensatory time and sick leave is eligible for payment to employees at the time of separation or retirement. These accumulated benefits are not reflected as a liability under the Township's cash basis of accounting. At December 31, 2016 this accumulated earned benefit is estimated to be \$285,760, the majority of which (\$282,315) would be paid from the Fire Fund.

**Note 12 – Public Entity Risk Pool**

The Township participates in the BWC group rating program through the Frank Gates Service Company. Participation in this program authorizes the Frank Gates Service Company to represent the Township for all workers' compensation matters before the BWC and the Industrial Commission of Ohio and to receive discounted premium rates.

**Note 13 – 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:



**Jerome Township**  
**Union County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

**Note 13 – Fund Balances (continued)**

Fund Balances	General	Fire Fund	Road & Bridge Fund	Police Fund	Other Governmental Funds	Total
<b>Restricted for</b>						
Road maintenance and improvements	\$ -	\$ -	\$ -	\$ -	\$ 47,482	\$ 47,482
Fire and EMS	-	2,723,204	-	-	177,936	2,901,140
Law enforcement	-	-	-	480,481	-	480,481
Cemetery	-	-	-	-	154,774	154,774
Debt Service	-	-	-	-	1,221	1,221
Total Restricted	-	2,723,204	-	480,481	381,413	3,585,098
<b>Committed to</b>						
Road maintenance and improvements	-	-	251,681	-	-	251,681
<b>Assigned to</b>						
Subsequent year's appropriations	150,173	-	-	-	-	150,173
<b>Unassigned (Deficit)</b>						
	333,573	-	-	-	-	333,573
Total Fund Balances	<u>\$ 483,746</u>	<u>\$ 2,723,204</u>	<u>\$ 251,681</u>	<u>\$ 480,481</u>	<u>\$ 381,413</u>	<u>\$ 4,320,525</u>

**Note 14 – Concentration of Labor Subject to Collective Bargaining Agreement**

The Township's firefighters, which comprise a majority of the Township's employees, are represented by a union. The existing union agreement commenced on January 1, 2015 and expires on December 31, 2017.

**Note 15 – Development Agreement**

In October 2010, the Township entered into a development agreement with the Jerome Village Community Authority and Jerome Village Company, LLC. The Township had approved the development plan for Jerome Village, a "new community development program" organized pursuant to ORC Chapter 349. The planned community will include facilities for commercial, residential, cultural, educational and recreational activities. It was recognized that the development of such a community has and would continue to create an economic and administrative burden on the Township's provision of services. Terms of the agreement require the Community Authority to make a fire safety contribution of land and up to \$5,500,000 for the construction and equipment of a Township fire station facility; a total of \$2,150,000 general contribution; and a consultant contribution of up to \$50,000 for a total contribution of up to \$7,700,000. The fire safety contribution is payable conditioned on 1,200 residential building permits being issued for the community and the Jerome Village Town Center being developed. The general contribution is payable over ten years. The consultant contribution is payable as related expenses are incurred by the Township. Contributions totaling \$200,000 were remitted to the Township in 2016.

**Note 16 – Subsequent Events**

Subsequent events have been evaluated through March 1, 2017, which is the date the financial statements were available to be issued.

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**Jerome Township  
Union County, Ohio  
Statement of Net Position - Cash Basis  
December 31, 2015**

	Governmental Activities
Assets	
Equity in pooled cash and cash equivalents	\$ 3,813,509
Total assets	\$ 3,813,509
Net position	
Restricted for:	
Public safety	\$ 3,000,859
Public works	57,231
Health	143,824
Debt Service	661
Unrestricted	610,934
Total net position	\$ 3,813,509

See accompanying notes to the basic financial statements

**Jerome Township**  
**Union County, Ohio**  
**Statement of Activities - Cash Basis**  
**For the Year Ended December 31, 2015**

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 396,283	\$ 226,711	\$ -	\$ -	\$ (169,572)
Public safety	1,943,507	272,993	291,183	43,789	(1,335,542)
Public works	347,620	-	131,565	-	(216,055)
Health	3,784	15,661	-	-	11,877
Conservation - recreation	21,266	8,970	-	-	(12,296)
Capital outlay	178,510	-	-	-	(178,510)
Debt Service:					
Principal Retirement	28,105	-	-	-	(28,105)
Interest and Fiscal Charges	2,835	-	-	-	(2,835)
<b>Total governmental activities</b>	<b>\$ 2,921,910</b>	<b>\$ 524,335</b>	<b>\$ 422,748</b>	<b>\$ 43,789</b>	<b>(1,931,038)</b>
General receipts:					
Property taxes levied for:					
					88,712
					253,429
					1,713,701
					218,374
					27,296
					55,119
					2,095
					20,000
					4,544
					14,202
					<u>2,397,472</u>
					466,434
					<u>3,347,075</u>
					<u>\$ 3,813,509</u>

See accompanying notes to the basic financial statements

**Jerome Township  
Union County, Ohio  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2015**

	<u>General</u>	<u>Fire District Fund</u>	<u>Road and Bridge Fund</u>	<u>Police District Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Equity in pooled cash and cash equivalents	\$ 319,158	\$ 2,452,651	\$ 291,776	\$ 406,781	\$ 343,143	\$ 3,813,509
Total assets	<u>\$ 319,158</u>	<u>\$ 2,452,651</u>	<u>\$ 291,776</u>	<u>\$ 406,781</u>	<u>\$ 343,143</u>	<u>\$ 3,813,509</u>
<b>Fund balances</b>						
Restricted	\$ -	\$ 2,452,651	\$ -	\$ 406,781	\$ 343,143	\$ 3,202,575
Committed	-	-	291,776	-	-	291,776
Assigned	24,173	-	-	-	-	24,173
Unassigned	294,985	-	-	-	-	294,985
Total fund balances	<u>\$ 319,158</u>	<u>\$ 2,452,651</u>	<u>\$ 291,776</u>	<u>\$ 406,781</u>	<u>\$ 343,143</u>	<u>\$ 3,813,509</u>

See accompanying notes to the basic financial statements

**Jerome Township**  
**Union County, Ohio**  
**Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2015**

	General	Fire District Fund	Road and Bridge Fund	Police District Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts:</b>						
Property and other local taxes	\$ 88,712	\$ 1,713,701	\$ 253,429	\$ 218,374	\$ -	\$ 2,274,216
Charges for services	8,970	185,026	-	-	87,967	281,963
Licenses, permits and fees	226,711	-	-	-	11,361	238,072
Fines and forfeitures	13,081	-	-	-	-	13,081
Intergovernmental	55,119	278,133	29,916	25,193	96,310	484,671
Cable franchise fees	27,296	-	-	-	-	27,296
Gifts and donations	2,095	-	-	-	-	2,095
Earnings on investments	4,449	-	-	-	95	4,544
Miscellaneous	14,202	18,564	5,339	-	4,300	42,405
<b>Total receipts</b>	<b>440,635</b>	<b>2,195,424</b>	<b>288,684</b>	<b>243,567</b>	<b>200,033</b>	<b>3,368,343</b>
<b>Disbursements:</b>						
<b>Current:</b>						
General government	396,283	-	-	-	-	396,283
Public safety	-	1,701,212	-	197,438	44,857	1,943,507
Public works	11,352	-	230,988	-	105,279	347,619
Health	-	-	-	-	3,783	3,783
Conservation - recreation	21,266	-	-	-	-	21,266
Capital outlay	29,341	94,161	46,814	-	8,195	178,511
<b>Debt Service:</b>						
Principal Retirement	-	-	-	-	28,105	28,105
Interest and Fiscal Charges	-	-	-	-	2,835	2,835
<b>Total disbursements</b>	<b>458,242</b>	<b>1,795,373</b>	<b>277,802</b>	<b>197,438</b>	<b>193,054</b>	<b>2,921,909</b>
Excess of receipts over (under) disbursements	(17,607)	400,051	10,882	46,129	6,979	446,434
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	20,000	-	-	20,000
Transfers in	-	-	-	-	31,500	31,500
Transfers out	(31,500)	-	-	-	-	(31,500)
<b>Total other financing sources</b>	<b>(31,500)</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>31,500</b>	<b>20,000</b>
<b>Net change in fund balances</b>	<b>(49,107)</b>	<b>400,051</b>	<b>30,882</b>	<b>46,129</b>	<b>38,479</b>	<b>466,434</b>
<b>Fund balances beginning of year</b>	<b>368,265</b>	<b>2,052,600</b>	<b>260,894</b>	<b>360,652</b>	<b>304,664</b>	<b>3,347,075</b>
<b>Fund balances end of year</b>	<b>\$ 319,158</b>	<b>\$ 2,452,651</b>	<b>\$ 291,776</b>	<b>\$ 406,781</b>	<b>\$ 343,143</b>	<b>\$ 3,813,509</b>

See accompanying notes to the basic financial statements

**Jerome Township**  
**Union County, Ohio**  
**Statement of Receipts, Disbursements and Changes**  
**In Fund Balance - Budget and Actual - Budget Basis**  
**General Fund**  
**For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Receipts:</b>				
Property and other local taxes	\$ 90,867	\$ 92,822	\$ 88,712	\$ (4,110)
Charges for services	7,500	7,500	8,970	1,470
Fines and forfeitures	13,500	13,500	13,081	(419)
Intergovernmental	33,513	33,513	55,119	21,606
Cable franchise fees	25,000	25,000	27,296	2,296
Gifts and donations	-	-	2,095	2,095
Earnings on investments	1,200	1,200	4,449	3,249
Miscellaneous	100,000	100,000	14,202	(85,798)
<b>Total receipts</b>	<b>271,580</b>	<b>273,535</b>	<b>213,924</b>	<b>(59,611)</b>
<b>Disbursements:</b>				
<b>Current:</b>				
General government	247,462	247,848	231,009	16,839
Public works	11,500	11,500	11,352	148
Conservation - recreation	6,500	23,000	21,266	1,734
Capital outlay	21,500	29,614	29,341	273
<b>Total disbursements</b>	<b>286,962</b>	<b>311,962</b>	<b>292,968</b>	<b>18,994</b>
Excess of receipts over (under) disbursements	(15,382)	(38,427)	(79,044)	(40,617)
<b>Other financing sources (uses):</b>				
Transfers out	(31,500)	(31,500)	(31,500)	-
<b>Total other financing sources (uses)</b>	<b>(31,500)</b>	<b>(31,500)</b>	<b>(31,500)</b>	<b>-</b>
Net change in fund balance	(46,882)	(69,927)	(110,544)	(40,617)
Fund balance beginning of year	336,582	336,582	336,582	-
Fund balance end of year	<u>\$ 289,700</u>	<u>\$ 266,655</u>	<u>\$ 226,038</u>	<u>\$ (40,617)</u>

See accompanying notes to the basic financial statements

**Jerome Township**  
**Union County, Ohio**  
**Statement of Receipts, Disbursements and Changes**  
**In Fund Balance - Budget and Actual - Budget Basis**  
**Fire District Fund**  
**For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts:				
Property and other local taxes	\$ 1,733,475	\$ 1,770,754	\$ 1,713,701	\$ (57,053)
Charges for services	185,026	185,026	185,026	-
Intergovernmental	-	-	278,133	278,133
Miscellaneous	-	-	18,564	18,564
<b>Total receipts</b>	<b>1,918,501</b>	<b>1,955,780</b>	<b>2,195,424</b>	<b>239,644</b>
Disbursements:				
Current:				
Public safety	1,779,245	1,799,745	1,701,212	98,533
Capital outlay	350,000	329,500	94,161	235,339
<b>Total disbursements</b>	<b>2,129,245</b>	<b>2,129,245</b>	<b>1,795,373</b>	<b>333,872</b>
Excess of receipts over (under) disbursements	(210,744)	(173,465)	400,051	573,516
Net change in fund balance	(210,744)	(173,465)	400,051	573,516
Fund balance beginning of year	2,052,600	2,052,600	2,052,600	-
<b>Fund balance end of year</b>	<b>\$ 1,841,856</b>	<b>\$ 1,879,135</b>	<b>\$ 2,452,651</b>	<b>\$ 573,516</b>

See accompanying notes to the basic financial statements



**Jerome Township**  
**Union County, Ohio**  
**Statement of Receipts, Disbursements and Changes**  
**In Fund Balance - Budget and Actual - Budget Basis**  
**Road and Bridge Fund**  
**For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts:				
Property and other local taxes	\$ 264,539	\$ 264,539	\$ 253,429	\$ (11,110)
Intergovernmental	-	-	29,916	29,916
Miscellaneous	-	-	5,339	5,339
Total receipts	264,539	264,539	288,684	24,145
Disbursements:				
Current:				
Public works	248,597	251,497	230,988	20,509
Capital outlay	10,372	48,972	46,814	2,158
Total disbursements	258,969	300,469	277,802	22,667
Excess of receipts over (under) disbursements	5,570	(35,930)	10,882	46,812
Other financing sources (uses)				
Sale of Capital Assets	-	-	20,000	20,000
Net change in fund balance	5,570	(35,930)	30,882	66,812
Fund balance beginning of year	260,894	260,894	260,894	-
Fund balance end of year	\$ 266,464	\$ 224,964	\$ 291,776	\$ 66,812

See accompanying notes to the basic financial statements

**Jerome Township  
Union County, Ohio  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Police District Fund  
For the Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and other local taxes	\$ 222,874	\$ 227,668	\$ 218,374	\$ (9,294)
Charges for services	-	-	25,193	25,193
Total receipts	222,874	227,668	243,567	15,899
Disbursements:				
Current:				
Public safety	211,750	211,750	197,438	14,312
Total disbursements	211,750	211,750	197,438	14,312
Net change in fund balance	11,124	15,918	46,129	30,211
Fund balance beginning of year	360,652	360,652	360,652	-
Fund balance end of year	<u>\$ 371,776</u>	<u>\$ 376,570</u>	<u>\$ 406,781</u>	<u>\$ 30,211</u>

See accompanying notes to the basic financial statements

**Jerome Township  
Union County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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**Note 1 – Reporting Entity**

Jerome Township, Union County, Ohio (the Township), is a body politic and corporate established in 1821 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

**Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance and fire protection. The Township contracts with the Union County Sheriff for added police protection.

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

**Note 2 – Summary of Significant Accounting Policies**

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

**Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish those activities of the Township that are governmental. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statement of net position presents the cash and investment 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 is self-financing on a cash basis or draws from the Township's general receipts.

**Fund Financial Statements**

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

**Jerome Township  
Union County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**Fund Accounting**

The Township uses funds 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 governmental.

**Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts, (i.e. grants) and other non-exchange transactions as governmental funds. The following are the Township's major governmental funds.

General Fund – 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 District Fund - The fire district fund accounts for and reports voted property taxes restricted to the operation of the Fire Department and Emergency Medical Services (EMS).

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

Police District Fund - The police district fund accounts for and reports voted property taxes restricted to providing police protection services.

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

**Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. 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 Certificate of Estimated Resources and the appropriations ordinance. The Certificate of Estimated Resources establishes a limit on the amount the Township may appropriate. The appropriations ordinance 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.

**Jerome Township  
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Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

The appropriations ordinance 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 ordinance for that fund that covered the entire year. Unexpended appropriations lapse at year-end. Encumbrances open at year-end are re-appropriated the following year. 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 with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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 2015, the Township invested in STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2015.

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 2015 was \$4,449.

**Restricted Assets**

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

**Inventory and Prepaid Items**

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

**Capital Assets**

Acquisitions of property 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.

**Jerome Township  
Union County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**Accumulated Leave**

The Township permits employees to accumulate earned but unused vacation, compensatory time and sick leave benefits. The criteria for determining vacation, compensatory time and sick leave benefits are based on Township policies. The policies set by negotiated agreements may vary slightly. Benefits are accumulated based on hours worked. Accumulated vacation cannot exceed one and one-half times the annual accumulation rate for an employee. Compensatory time cannot exceed seventy-two hours. There is no limit for accumulated sick leave. Employees at the time of separation or retirement are eligible to receive payment for one-fourth of their accumulated sick leave not to exceed payment for 1,000 hours.

**Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care 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. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. 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. Net position restricted for other purposes include resources restricted for special revenue funds and capital projects. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is 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 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 or enabling legislation (Township resolutions).

Enabling legislation authorizes the Township to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Township can be compelled by an external party-such as citizens, public interest groups or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by

**Jerome Township  
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For the Year Ended December 31, 2015**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Trustees or by a Township official delegated that authority by resolution.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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 – 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 Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and any major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**Note 4 – Deposits and Investments**

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

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

**Jerome Township  
Union County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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**Note 4 – Deposits and Investments** (continued)

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

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

At year end, the Township had no undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

**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, \$-0- of the Township's bank balance of \$105,065 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.



**Jerome Township  
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Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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**Note 4 – Deposits and Investments** (continued)

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, 2015, the Township had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	\$ 3,814,972	Average
Total Portfolio	\$ 3,814,972	

**Interest Rate Risk**

Interest rate risk arises because the fair value of investments changes as interest rates change. 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’s investment policy is limited to requiring compliance with 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 Township has no investment policy dealing with investment custodial risk beyond the requirements in Ohio Revised Code (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 trustee.”

**Note 5 – Long-term Obligations**

As a result of the use of the cash basis of accounting in this report, obligations related to long-term debt are not reported as liabilities in the financial statements. However, these long-term debt obligations are disclosed below.

**Notes Payable**

	<u>Balance as of Dec. 31, 2015</u>
\$140,000 – 2012 original issue note payable for the purchase of park land, payable in semi-annual installments, final installment due 2017, with an interest rate of 3.5%.	\$ 59,303
Balance outstanding at December 31, 2015	\$ 59,303

**Jerome Township  
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Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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**Note 5 – Long-term Obligations** (continued)

Debt service to maturity

Year ended December 31	<u>Principal</u>	<u>Interest</u>
2016	\$ 29,157	\$ 1,826
2017	<u>30,146</u>	<u>793</u>
	<u>\$ 59,303</u>	<u>\$ 2,619</u>

Changes in the government’s long-term obligations for the year ended December 31, 2015 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Notes payable	<u>\$ 87,408</u>	<u>\$ -</u>	<u>\$ 28,105</u>	<u>\$ 59,303</u>	<u>\$ 29,157</u>

**Note 6 – Capital Leases**

The Township leases various equipment through lease arrangements. One of the lease agreements qualify as a capital lease for accounting purposes and, therefore has been recorded at the present value of the future minimum lease payments as of the inception date. Payments are made from the funds that purchase the assets. The asset acquired through a capital lease is a 2016 Western Star Truck Model No. 4700 with plow and equipment at a cost of \$146,033.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2015, were as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 28,085
2017	28,085
2018	28,085
2019	28,085
2020	<u>14,041</u>
Total minimum lease payments	126,381
Less amount representing interest	<u>(7,908)</u>
Present value of minimum lease	<u>\$ 118,473</u>

**Note 7 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax receipts received in 2015 for real and public utility property taxes represents collections of the 2014 taxes.

Real property taxes for 2015 are levied after October 1, 2015, on the assessed values as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised market value. Real property taxes for 2015 are collected in and intended to finance 2016.

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

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. Public utility property taxes for 2015 which became a lien on December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes.

**Jerome Township  
Union County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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**Note 7 – Property Taxes** (continued)

The full tax rate for all Township operations for the year ended December 31, 2015, was \$17.90 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2014 property tax receipts were based are as follows:

Real Property		
Residential & Agricultural	\$	202,483,050
Commercial/Industrial/Mineral		36,828,120
Public Utility		-0-
Tangible Personal Property		
Public Utility		4,956,720
Total Assessed Value	\$	244,267,890

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

**Note 8 – Interfund Transfers**

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During 2015, the following transfers were made:

Transfer from General Fund to Other Governmental Funds	\$31,500
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**Note 9 – Risk Management**

The Township is exposed to various risks of loss related to torts and general liability; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Insurance policies are procured for commercial property, commercial inland marine, commercial general liability, business auto liability, business auto, commercial umbrella, public officials’ liability, employment practices liability and surety bonds. Settled 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 Ohio Bureau of Workers’ Compensation (BWC) system a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The BWC administers and pays all claims.

**Public Entity Risk Pool**

The Township participates in the BWC group rating program through the Frank Gates Service Company. Participation in this program authorizes the Frank Gates Service Company to represent the Township for all workers’ compensation matters before the BWC and the Industrial Commission of Ohio and to receive discounted premium rates.

**Note 10 – Defined Benefit Pension Plan**

**Ohio Public Employees Retirement System**

Plan Description - Township employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members

**Jerome Township  
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Notes to the Basic Financial Statements  
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**Note 10 – Defined Benefit Pension Plan** (continued)

(i.e. Township employees) may elect the member-directed plan or the combined plan, substantially all employee members are in the OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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

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

**Jerome Township  
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Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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**Note 10 – Defined Benefit Pension Plan** (continued)

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for twelve months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.0 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.0 percent.

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% of covered payroll for state and local employer units and 18.1% 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% of covered payroll for members in the state and local divisions and 12% for law enforcement and public safety members. For the year ended December 31, 2015, members in the state and local divisions contributed 10% of covered payroll while public safety and law enforcement members contributed 12.0% and 13.0%, 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 2015, member and employer contribution rates were consistent across all three plans.

The Township's 2015 contribution rate was 14.0% of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2.0%. The portion of employer contributions allocated to health care for members in the Combined Plan was 2.0%. Employer contribution rates are actuarially determined.

The Township's required contributions for pension obligations to all plans for the years ended December 31, 2015, 2014 and 2013 were \$38,483, \$36,554 and \$34,217, respectively. The full amount has been contributed for 2015, 2014 and 2013.

**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 the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute a percentage of their annual covered salary, while employers are required to contribute a percentage for police officers and for firefighters. As of January 1, 2015 the plan members were required to contribute 11.5% while employers were required to contribute 19.5% for police officers and 24% for firefighters. Effective July 4, 2015 the plan members' contribution rate increased to 12.25%. The Board of Trustees resolved to pay 4% of the plan members' contribution.

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 23.50% of covered payroll for firefighters. The Township's required contributions to the fund for the years ended December 31, 2015, 2014 and 2013 were \$221,261, \$212,323 and \$205,854, respectfully. The full amount has been contributed for 2015, 2014 and 2013.

**Jerome Township  
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Notes to the Basic Financial Statements  
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**Note 10 – Defined Benefit Pension Plan** (continued)

Social Security

Some of the Township's employees (zoning board members and part-time firefighters) contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2% of their covered payroll. The Township contributed an amount equal to 6.2% if the participants' covered payroll. The Township has paid all contributions required through December 31, 2015.

**Note 11 - 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.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten (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, OH 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 administered 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 2015, state and local employers contributed at a rate of 14.0% of covered payroll, and public safety and law enforcement employers contributed at 18.1%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law enforcement 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 2.0% during the calendar year 2015. The portion of employer contributions allocated to health care for members in the Combined Plan was 2.0% during the calendar year 2015.

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

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2015, 2014, and 2013 were \$5,498, \$5,222 and \$2,444, respectively.

**Jerome Township  
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**Note 11 - Postemployment Benefits** (continued)

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<sup>st</sup> of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**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 ORC 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 ORC.

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

Funding Policy – The ORC 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 ORC to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5% and 24.0% 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 Internal Revenue Service Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the ORC to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2015, the employer contribution allocated to the health care plan was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustee's 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 firefighters was \$4,610, \$4,423 and \$30,975 for the years ended December 31, 2015, 2014 and 2013, respectively. The full amount has been contributed for 2015, 2014 and 2013.

**Jerome Township  
Union County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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**Note 11 – Operating Leases**

The Township leases equipment under leasing arrangements that have been classified as operating leases. The Township disbursed \$4,645 to pay lease costs for the year ended December 31, 2015. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 2,254
2017	2,254
2018	2,254
2019	2,254
2020	<u>\$ 2,254</u>
Total	<u>\$ 11,270</u>

**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 governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	<u>General</u>	<u>Fire District Fund</u>	<u>Road and Bridge Fund</u>	<u>Police District Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted						
Road maint. and improv.	-	-	-	-	57,231	57,231
Fire and EMS	-	2,452,651	-	-	141,427	2,594,078
Law enforcement	-	-	-	406,781	-	406,781
Cemetery	-	-	-	-	143,824	143,824
Debt service	-	-	-	-	661	661
Committed	-	-	291,776	-	-	291,776
Assigned	24,173	-	-	-	-	24,173
Unassigned	294,985	-	-	-	-	294,985
Total fund balance	<u>\$319,158</u>	<u>\$ 2,452,651</u>	<u>\$ 291,776</u>	<u>\$ 406,781</u>	<u>\$ 343,143</u>	<u>\$ 3,813,509</u>

**Note 13 – Commitments**

Pursuant to a three year contract that commenced on January 1, 2013 between the Union County Sheriff, Jerome Township and Millcreek Township, the Sheriff provides three full-time deputies with a normal work week totaling 120 hours exclusively to Jerome and Millcreek Townships to supplement existing law enforcement coverage. The Sheriff assumes full responsibility for hiring, training, assignment, supervision, discipline and dismissal of all assigned personnel and the Townships pay the actual cost of compensating the officers' salary, overtime, OPERS benefits, workers' compensation, Medicare and medical and life insurance. The Sheriff bills the Townships in quarterly installments with Jerome Township paying 75% of the cost and Millcreek Township paying 25% of the cost. The Township paid \$193,109 pursuant to this contract in 2015. This contract was renewed for a three year period commencing on January 1, 2016.

Pursuant to Township policies, accumulated earned but unused vacation, compensatory time and sick leave is eligible for payment to employees at the time of separation or retirement. These accumulated benefits are not reflected as a liability under the Township's cash basis of accounting. At December 31, 2015 this accumulated earned benefit is estimated to be \$294,679, the majority of which (\$292,762) would be paid from the Fire District Fund.



**Jerome Township  
Union County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015**

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**Note 14 – Concentrations of Labor Subject to Collective Bargaining Agreement**

The Township's firefighters, which comprise a majority of the Township's employees, are represented by a union. The existing union agreement commenced on January 1, 2015 and expires on December 31, 2017.

**Note 15 – Development Agreement**

In October 2010, the Township entered into a development agreement with the Jerome Village Community Authority and Jerome Village Company, LLC. The Township had approved the development plan for Jerome Village, a "new community development program" organized pursuant to ORC Chapter 349. The planned community will include facilities for commercial, residential, cultural, educational and recreational activities. It was recognized that the development of such a community has and would continue to create an economic and administrative burden on the Township's provision of services. Terms of the agreement require the Community Authority to make a fire safety contribution of land and up to \$5,500,000 for the construction and equipment of a Township fire station facility; a total of \$2,150,000 general contribution; and a consultant contribution of up to \$50,000 for a total contribution of up to \$7,700,000. The fire safety contribution is payable conditioned on 1,200 residential building permits being issued for the community and the Jerome Village Town Center being developed. The general contribution is payable over ten years. The consultant contribution is payable as related expenses are incurred by the Township. Contributions totaling \$-0- were remitted to the Township in 2015 but expected to be received in 2016.

**Note 16 – Subsequent Events**

Subsequent events have been evaluated through March 1, 2016, which is the date the financial statements were available to be issued.

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# 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

Jerome Township  
Union County  
9777 Industrial Pkwy  
Plain City, Ohio 43064

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 cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jerome Township, Union County, Ohio, (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 21, 2017, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

### ***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, flowing style.

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 21, 2017



# Dave Yost • Auditor of State

**JEROME TOWNSHIP**

**UNION 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  
OCTOBER 19, 2017**