



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

JEFFERSON TOWNSHIP
FRANKLIN COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2018 and 2017
Fiscal Years Audited Under GAGAS: 2018 and 2017

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of Jefferson Township, Franklin County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

August 16, 2019

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Jefferson Township
Franklin County, Ohio
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INDEPENDENT AUDITOR'S REPORT

Jefferson Township
Franklin County
6545 Havens Road
Blacklick, Ohio 43004

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Jefferson Township, Franklin County, Ohio (the Township) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such 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.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Jefferson Township, Franklin County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2019, 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.



BHM CPA Group, Inc.
Piketon, Ohio
May 17, 2019

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 503,661	\$ 5,839,852	\$ 124,171	\$6,467,684
Licenses, Permits and Fees	708,251	321,701	-	1,029,952
Intergovernmental	157,643	557,918	15,955	731,516
Special Assessments	-	9,125	-	9,125
Earnings on Investments	138,801	5,073	-	143,874
Miscellaneous	23,533	3,565	-	27,098
	<u>1,531,889</u>	<u>6,737,234</u>	<u>140,126</u>	<u>8,409,249</u>
Cash Disbursements:				
Current:				
General Government	908,017	527,002	-	1,435,019
Public Safety	-	3,918,929	-	3,918,929
Public Works	179,000	650,560	-	829,560
Health	147,293	1,426	-	148,719
Conservation-Recreation	122,742	-	-	122,742
Capital Outlay	15,198	729,095	1,269	745,562
Debt Service:				
Principal Retirement	-	61,062	125,500	186,562
Interest and Fiscal Charges	-	10,803	9,839	20,642
	<u>1,372,250</u>	<u>5,898,877</u>	<u>136,608</u>	<u>7,407,735</u>
Excess of Receipts Over/ (Under) Disbursements	159,639	838,357	3,518	1,001,514
Other Financing Receipts/ (Disbursements):				
Sale of Capital Assets	-	12,950	-	12,950
Other Financing Sources	12,992	64,681	-	77,673
	<u>12,992</u>	<u>77,631</u>	<u>-</u>	<u>90,623</u>
Total Other Financing Receipts/ (Disbursements)	12,992	77,631	-	90,623
Net Change in Fund Cash Balances	172,631	915,988	3,518	1,092,137
Fund Cash Balances, January 1	1,873,109	4,600,401	84,846	6,558,356
Fund Cash Balances, December 31				
Restricted	-	5,516,389	88,364	5,604,753
Unassigned	2,045,740	-	-	2,045,740
	<u>2,045,740</u>	<u>5,516,389</u>	<u>88,364</u>	<u>7,650,493</u>
Fund Cash Balances, December 31	<u>\$ 2,045,740</u>	<u>\$ 5,516,389</u>	<u>\$ 88,364</u>	<u>\$ 7,650,493</u>

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

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Agency Funds</u>
Operating Cash Disbursements:	
Other	<u>26,000</u>
Total Operating Cash Disbursements	<u>26,000</u>
Operating Income (Loss)	(26,000)
Net Change in Fund Cash Balances	(26,000)
Fund Cash Balances, January 1	<u>92,904</u>
Fund Cash Balances, December 31	<u><u>\$ 66,904</u></u>

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

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Note 1 – Reporting Entity

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

The Township participates in one public entity risk pool, Ohio Township Association Risk Management Authority (OTARMA), a public risk pool that provides property and casualty coverage for its members. Note 9 to the financial statements provide additional information for the entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

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. The funds of the Township are presented below:

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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road District Fund This fund is used to account for the tax revenue and expenditures for constructing, reconstructing, resurfacing, improving, repairing and maintaining the public roads within the Township.

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

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

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

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

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

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

A summary of 2018 budgetary activity appears in Note 3.

Fund Balance

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

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

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

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

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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

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

Property, Plant and Equipment

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

Accumulated Leave

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,219,431	\$1,544,881	\$325,450
Special Revenue	6,538,787	6,814,865	276,078
Debt Service	139,881	140,126	245
Total	\$7,898,099	\$8,499,872	\$601,773

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,769,900	\$1,372,250	\$397,650
Special Revenue	6,981,950	5,898,877	1,083,073
Debt Service	141,000	136,608	4,392
Fiduciary	92,904	26,000	66,904
Total	\$8,985,754	\$7,433,735	\$1,552,019

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Note 4 – Deposits and Investments

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

	<u>2018</u>
Demand deposits	<u>\$1,269,216</u>
Total deposits	<u>1,269,216</u>
STAR Ohio and STAR Plus	6,448,181
Total investments	<u>6,448,181</u>
Total deposits and investments	<u>\$7,717,397</u>

Deposits

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

Investments

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

Note 5 – Property Taxes

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

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

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

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

Note 6 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Refunding Bonds, 2011 Series	\$376,499	2.20%
Total	<u>\$376,499</u>	

In 2011, the Township issued \$1,255,000 in refunding bonds in order to refund Fire Station & Equipment Series A and B Bonds. These general obligation bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. These bonds are paid from the Bond Retirement Funds.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Leases

The Township leases vehicles and other equipment under noncancelable leases. The Township disbursed \$71,866 to pay lease costs for the years ended December 31, 2018.

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

Year Ending December 31:	Refunding Bonds, 2011 Series	Fire Engine Lease
2019	133,093	59,572
2020	130,332	59,572
2021	127,571	59,572
2022	0	59,572
2023	0	59,572
2024	0	29,786
Total	\$390,996	\$327,646

Note 7 – Defined Benefit Pension Plans

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

The Ohio Revised Code also prescribes contribution rates. For 2018, fire fighters contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time fire fighters’ wages, respectively. For 2018, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2018.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Note 9 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

Note 10 – Public Entity Risk Pool

Franklin County Cooperative Health Improvement Program

The Township participates in the Franklin County Cooperative Health Improvement Program. This Program is administered by the Franklin County Board of Commissioners to provide a comprehensive benefits program including; medical, behavioral, health, pharmacy, dental, vision and life insurance in addition to disability and flexible spending account options. Nearly 6,000 employees within the cooperative are offered coverage through the cooperative, whose principal offices are in Columbus, Ohio. Members include, Franklin County and other governmental agencies such as SWACO, MORPC, Metro Parks, Pickaway County, the City of Grandview Heights, Prairie Township and Jefferson Township. Coverage is extended to eligible dependents. The total enrollment is over 14,000 member lives.

The Comprehensive Omnibus Budget Reconciliation Act of 1986 requires the Township to offer terminated or retired employees continues participation in the Township’s employee health care benefits program, provided that the employees pay the rate established by the plan administrator.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Note 11 – Contingent Liabilities

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

The Township previously participated in the Jefferson Health Plan, formerly known as the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Health Benefits Program. The Jefferson Health Plan was a consortium of political subdivisions in the State of Ohio organized and existing as a regional council of governments pursuant to and in accordance with the provisions of the Ohio Revised Code, Chapter 167 with principal offices in Steubenville, Ohio. The plan previously offered medical, dental, vision and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. Due to the bankruptcy of the Jefferson Health Plan as of December 31, 2018, the Township may incur a contingent liability related to any outstanding insurance claims.

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**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$ 442,760	\$ 5,637,298	\$ 108,999	\$ -	\$6,189,057
Licenses, Permits and Fees	754,100	292,675	-	-	1,046,775
Intergovernmental	145,201	534,591	14,207	339,815	1,033,814
Special Assessments	-	9,314	-	-	9,314
Earnings on Investments	63,552	2,016	-	-	65,568
Miscellaneous	24,077	885	-	-	24,962
Total Cash Receipts	1,429,690	6,476,779	123,206	339,815	8,369,490
Cash Disbursements:					
Current:					
General Government	848,027	459,426	-	-	1,307,453
Public Safety	-	3,590,661	-	-	3,590,661
Public Works	-	636,298	-	-	636,298
Health	138,526	3,390	-	-	141,916
Conservation-Recreation	123,554	-	-	-	123,554
Capital Outlay	195,905	891,304	1,657	339,815	1,428,681
Debt Service:					
Principal Retirement	-	72,966	125,500	-	198,466
Interest and Fiscal Charges	-	12,200	11,918	-	24,118
Total Cash Disbursements	1,306,012	5,666,245	139,075	339,815	7,451,147
Excess of Receipts Over/ (Under) Disbursements	123,678	810,534	(15,869)	-	918,343
Other Financing Receipts/ (Disbursements):					
Advances In	158,098	-	-	91,000	249,098
Advances Out	(91,000)	-	-	(158,098)	(249,098)
Other Financing Sources	20,015	60,700	-	-	80,715
Total Other Financing Receipts/ (Disbursements)	87,113	60,700	-	(67,098)	80,715
Net Change in Fund Cash Balances	210,791	871,234	(15,869)	(67,098)	999,058
Fund Cash Balances, January 1, <i>as restated, see note 12</i>	1,662,318	3,729,167	100,715	67,098	5,559,298
Fund Cash Balances, December 31					
Restricted	-	4,600,401	84,846	-	4,685,247
Unassigned	1,873,109	-	-	-	1,873,109
Fund Cash Balances, December 31	\$ 1,873,109	\$ 4,600,401	\$ 84,846	\$ -	\$ 6,558,356

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

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Agency Funds</u>
Operating Cash Disbursements:	
Other	<u>121,000</u>
Total Operating Cash Disbursements	<u>121,000</u>
Operating Income (Loss)	(121,000)
Net Change in Fund Cash Balances	(121,000)
Fund Cash Balances, January 1, <i>as restated, see note 12</i>	<u>213,904</u>
Fund Cash Balances, December 31	<u><u>\$ 92,904</u></u>

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

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Note 1 – Reporting Entity

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

The Township participates in one public entity risk pool, Ohio Township Association Risk Management Authority (OTARMA), a public risk pool that provides property and casualty coverage for its members. Note 9 to the financial statements provide additional information for the entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

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. The funds of the Township are presented below:

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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road District Fund This fund is used to account for the tax revenue and expenditures for the purpose of constructing, reconstructing, resurfacing, improving, repairing and maintaining the public roads within the Township.

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

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

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

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

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Capital Project Fund The capital projects fund is a capital reserve fund to accumulate funds for the acquisition or improvement of fire related capital assets.

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

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

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

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

A summary of 2017 budgetary activity appears in Note 3.

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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

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

Property, Plant and Equipment

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

Accumulated Leave

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,038,347	\$1,449,705	\$411,358
Special Revenue	6,355,866	6,537,479	181,613
Debt Service	172,389	123,206	(49,183)
Capital Projects	470,000	339,815	(130,185)
Total	\$8,036,602	\$8,450,205	\$413,603

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2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,509,500	\$1,306,012	\$203,488
Special Revenue	7,022,900	5,666,245	1,356,655
Debt Service	142,000	139,075	2,925
Capital Projects	339,815	339,815	0
Fiduciary	190,000	121,000	69,000
Total	\$9,204,215	\$7,572,147	\$1,632,068

Note 4 – Deposits and Investments

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

	2017
Demand deposits	\$1,246,952
Total deposits	1,246,952
STAR Ohio and STAR Plus	5,404,308
Total investments	5,404,308
Total deposits and investments	\$6,651,260

Deposits

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

Investments

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

Note 5 – Property Taxes

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

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
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Note 6 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Refunding Bonds, 2011 Series	\$501,999	2.20%
Total	\$501,999	

In 2011, the Township issued \$1,255,000 in refunding bonds in order to refund Fire Station & Equipment Series A and B Bonds. These general obligation bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. These bonds are paid from the Bond Retirement Funds.

Leases

The Township leases vehicles and other equipment under noncancelable leases. The Township disbursed \$72,966 to pay lease costs for the years ended December 31, 2017.

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

Year Ending December 31:	Refunding Bonds, 2011 Series	Fire Engine Lease	Road Equipment Lease
2018	\$135,854	\$58,280	\$13,443
2019	133,093	58,280	0
2020	130,332	58,280	0
2021	127,571	58,280	0
2022	0	58,280	0
2023-2024	0	87,419	0
Total	\$526,850	\$378,819	\$13,443

Note 7 – Defined Benefit Pension Plans

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

The Ohio Revised Code also prescribes contribution rates. For 2017, fire fighters contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time fire fighters’ wages, respectively. For 2017, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2017.

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**NOTES TO THE FINANCIAL STATEMENTS
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Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2017.

The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 9 – Risk Management

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017.

	2017
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,267

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**NOTES TO THE FINANCIAL STATEMENTS
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At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$15,000.

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

<u>2017 Contributions to OTARMA</u>
\$33,691

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

Note 10 – Public Entity Risk Pool

Jefferson Health Plan

The Jefferson Health Plan – The member participates in the Jefferson Health Plan, formerly known as the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Health Benefits Program. The Jefferson Health Plan is a consortium of political subdivisions in the State of Ohio organized and existing as a regional council of governments pursuant to and in accordance with the provisions of the Ohio Revised Code, Chapter 167 with principal offices in Steubenville, Ohio. Each participant appoints a member of the insurance plans' assembly. The Jefferson Health Plan is a non-profit organization pooling the resources of Ohio public entities having elected to self-insure their benefit programs. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, dental, vision and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The Jefferson Health Plan allows Allocated Balance Fund or Stand-Alone members and Pool organizations to retain control of surpluses in good experience years. Members pay monthly accruals that are actuarially calculated for benefit plans that are sponsored by the entity. Monthly statements and daily transaction reporting on Allocated Balance Fund member reserve accounts allows tracking of experience throughout the plan year. Monthly statements and daily transaction reporting on Pool organization reserve accounts allows tracking of aggregated Pool experience throughout the plan year. Excess reserves can be held in the consortium and earn returns for the Allocated Balance Fund member or Pool, or used as Moratoria against monthly accruals. The Allocated Balance Fund member or Pool's medical and prescription drug plan includes a specific deductible that is selected by the Allocated Balance Fund member or Pool, which can range from \$35,000 to \$200,000. The deductible applies to cumulative medical and drug claim payments made on behalf of a plan participant covered under an approved benefit program during the period July 1 through June 30. Cumulative claim payments which are found to be in excess of the applicable deductible, made on behalf of a covered plan participant during a policy year are covered by the Jefferson Health Plan's Large Claim Reimbursement Program (LCRP). The fee for the specific deductible, selected by the Allocated Balance Fund member or Pool, is included in the monthly funding factors that are paid each month by the member.

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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

The LCRP is not owned by the consortium's members. Cumulative claim payments made on behalf of a covered plan participant during a policy year, which are found to exceed \$1,500,000, are eligible for reimbursement from the consortium's umbrella stop loss insurance policy, currently placed through Sun Life. The Board of Directors of the Jefferson Health Plan reserves the right to change, at renewal, the stop loss insurance policy deductible. The Board also reserves the right to change the identity of the umbrella stop loss carrier, as deemed appropriate. Aggregate coverage for Allocated Balance Fund members or Pools, is not available.

Note 11 – Contingent Liabilities

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

Note 12 – Beginning Balance Restatement

General Fund Balance, January 1, 2017- As previously stated	<u>\$ 1,662,201</u>
Void checks from prior period	<u>117</u>
General Fund Balance, January 1, 2017- Restated	<u><u>\$ 1,662,318</u></u>
Agency Fund Balance, January 1, 2017- As previously stated	<u>\$ 211,904</u>
Void checks from prior period	<u>2,000</u>
Agency Fund Balance, January 1, 2017- Restated	<u><u>\$ 213,904</u></u>



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

Jefferson Township
Franklin County
6545 Havens Road
Blacklick, Ohio 43004

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Jefferson Township, Franklin County, (the Township) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated May 17, 2019 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control 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 report is not suitable for any other purpose.



BHM CPA Group, Inc.
Piketon, Ohio

May 17, 2019

OHIO AUDITOR OF STATE
KEITH FABER



JEFFERSON TOWNSHIP

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 3, 2019**