

JEFFERSON TOWNSHIP  
LOGAN COUNTY, OHIO

Audited Financial Statements

For the Years Ended December 31, 2017 and 2016





# Dave Yost • Auditor of State

Board of Trustees  
Jefferson Township  
PO Box 10  
Zanesfield, Ohio 43360

We have reviewed the *Independent Auditor's Report* of Jefferson Township, Logan County, prepared by Van Krevel and Company, CPA's, for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

July 10, 2018

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Jefferson Township  
Logan County, Ohio

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## INDEPENDENT AUDITOR'S REPORT

Jefferson Township  
Logan County, Ohio  
P O Box 10  
Zanesfield, Ohio 43360

To the Board of Trustees:

### Report on the Financial Statements

We have audited the accompanying financial statements of cash balances, receipts and disbursements by fund type, and related notes of Jefferson Township, Logan County, Ohio, (the Township), as of and for the years ended December 31, 2017 and 2016.

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

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

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

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

In our opinion, because of the significance of the matter described 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, 2017 and 2016, or the changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Jefferson Township, Logan County, Ohio, as of December 31, 2017 and 2016, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2018, 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.

*Van Kessel + Company*



Jefferson Township  
Logan County, Ohio  
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2017

	General	Special Revenue	Capital Projects	(Memorandum Only)
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 74,733	\$ 124,805		\$ 199,538
Licenses, Permits and Fees	3,772	3,643		7,415
Intergovernmental Receipts	36,801	120,481	54,024	211,306
Earnings on Investments	19	1,386		1,405
Miscellaneous	515	14,231		14,746
<b>Total Cash Receipts</b>	<b>115,840</b>	<b>264,546</b>	<b>54,024</b>	<b>434,410</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	72,999	37,950		110,949
Public Safety	32,609			32,609
Public Works	117	83,415		83,532
Health		32,587		32,587
Conservation-Recreation	233	12,396		12,629
Capital Outlay	2,521	134,308	54,024	190,853
Debt Service:				
Redemption of Principal		15,207		15,207
Interest and Other Fiscal Charges		993		993
<b>Total Cash Disbursements</b>	<b>108,479</b>	<b>316,856</b>	<b>54,024</b>	<b>479,359</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>7,361</b>	<b>(52,310)</b>	<b>-</b>	<b>(44,949)</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Debt Proceeds	-	82,785		82,785
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>-</b>	<b>82,785</b>		<b>82,785</b>
<b>Net Change in Fund Cash Balances</b>	<b>7,361</b>	<b>30,475</b>	<b>-</b>	<b>37,836</b>
Fund Cash Balances, January 1	91,304	332,206	-	423,510
<b>Fund Cash Balances, December 31</b>	<b>\$ 98,665</b>	<b>\$ 362,681</b>	<b>\$ -</b>	<b>\$ 461,346</b>
Restricted		362,681		362,681
Assigned	73,756			73,756
Unassigned (Deficit)	24,909		-	24,909
<b>Fund Cash Balances, December 31</b>	<b>\$ 98,665</b>	<b>\$ 362,681</b>	<b>\$ -</b>	<b>\$ 461,346</b>

Jefferson Township  
 Logan County, Ohio  
 Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)  
 Fiduciary Fund Type  
 For the Year Ended December 31, 2017

	<b>Private Purpose Trust</b>	<b>Totals (Memorandum Only)</b>
Fund Cash Balances, January 1	\$ 809	\$ 809
<b>Fund Cash Balances, December 31</b>	<b>\$ 809</b>	<b>\$ 809</b>

Jefferson Township  
Logan County, Ohio

Notes to the Financial Statements  
December 31, 2017

**NOTE 1 REPORTING ENTITY**

**A Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Jefferson Township, Logan County, Ohio (the Township) as a body corporate and politic. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance and park maintenance.

**Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations**

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. Note 7 to the financial statements provides additional information for this entity.

The Township is taxing authority for the Dr. Earl Sloan Public Library. This relationship is further discussed in Note 10 to the financial statements.

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**

**A 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 proprietary and fiduciary fund types which are organized on a fund type basis.

**B 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:

1 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.

2 Special Revenue Funds

These funds account for and report 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:

Jefferson Township  
Logan County, Ohio

Notes to the Financial Statements  
December 31, 2017

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B Fund Accounting (continued)**

*Gasoline Tax Fund* – This fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

*Road and Bridge Fund* – This fund accounts for and reports that portion of property tax monies for constructing, maintaining and repairing Township roads and bridges.

*Cemetery Fund* – This fund accounts for and reports that portion of property tax monies for maintaining cemeteries located in the Township.

**3 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 or other capital assets. The Township had the following significant capital project funds.

*Public Works Projects* – This fund accounts for Issue II money spent on behalf of the Township for maintaining and repairing Township roads.

**4 Fiduciary Funds**

Fiduciary funds include private purpose trust 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.

The Township had the following significant private purpose trust fund.

*Cemetery Bequest Fund* – The amount donated is to be maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donors.

**C. Basis of Accounting**

These financial statements follow the accounting basis permitted by 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.

**D Budgetary Process**

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

Jefferson Township  
Logan County, Ohio

Notes to Financial Statements  
December 31, 2017

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D Budgetary Process** (continued)

1 Appropriations

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

2 Estimated Resources

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

3 Encumbrances

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

A summary of the 2017 budgetary activity appears in Note 3.

**E Deposits and Investments**

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

The Township values Federal Home Loan Mortgage Notes at cost.

**F Capital Assets**

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

**G 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.

Jefferson Township  
Logan County, Ohio

Notes to Financial Statements  
December 31, 2017

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H 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:

*Non Spendable* – 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.

*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 the 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.

Jefferson Township  
Logan County, Ohio

Notes to Financial Statements  
December 31, 2017

**NOTE 3 BUDGETARY ACTIVITY**

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

2017 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 100,770	\$ 115,840	\$ 15,070
Special Revenue	241,376	347,331	105,955
Capital Projects	64,964	54,024	(10,940)
Trust	1	-	(1)
Totals	<u>\$ 407,111</u>	<u>\$ 517,195</u>	<u>\$ 110,084</u>

2017 Budgeted vs Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 173,377	\$ 108,479	\$ 64,898
Special Revenue	459,092	318,960	140,132
Capital Projects	64,963	54,024	10,939
Trust	1	-	1
Totals	<u>\$ 697,433</u>	<u>\$ 481,463</u>	<u>\$ 215,970</u>

Jefferson Township  
Logan County, Ohio

Notes to Financial Statements  
December 31, 2017

**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 at December 31 was as follows:

	<u>2017</u>
Demand Deposits	\$431,968
Federal Home Loan Mortgage Corporate Notes	<u>30,187</u>
Total Deposits	<u>\$462,155</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool, or, effective January 1, 2018, collateralized through the Ohio Pooled Collateral System (OPCS).

Investments: The Federal Reserve holds the Township's Federal Home Loan Mortgage Corporate Notes in book entry form in the name of the Township's investment company. The investment company maintains records identifying the Township as owner of these notes.

**NOTE 5 TAXES**

**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 the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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



Jefferson Township  
Logan County, Ohio

Notes to Financial Statements  
December 31, 2017

**NOTE 6 DEBT**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Note Payable-KS State Bank	\$ 21,308	2.72%
Note Payable-Santander Bank	<u>82,785</u>	3.10%
	<u>\$104,093</u>	

In December of 2014, the Township entered into a promissory note to purchase a Case loader backhoe for Township road maintenance, cemetery work, and other miscellaneous uses. The Township traded in an old back hoe for \$11,000 and applied the trade-in to the purchase of the new equipment. The purchase price of the new backhoe was \$84,310, less the trade in of \$11,000 and a downpayment of \$10,000 leaving the loan amount of \$63,310. The Township is to make annual principal and interest payments of \$13,714 starting in 2015 with a maturity date of December 2019; however, in 2017, the Township made an annual payment of \$16,200. The debt, secured by the equipment purchased, will be paid from multiple funds due to the multiple uses.

In March of 2017, the Township entered into a financing lease with Santander Bank N.A. to purchase a 2018 International Dump Truck for Township road maintenance, cemetery work, and other miscellaneous uses. The purchase price of the new truck was \$112,875 less a down payment of \$30,000 leaving the loan amount of \$82,785. The Township is to make annual principal and interest payments of \$18,129 starting in 2018 with a maturity date of March 2022. The debt, secured by the equipment purchased, will be paid from multiple funds due to the multiple uses.

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

<u>Year Ending December 31,</u>	<u>Notes Payable</u>
2018	\$ 31,843
2019	26,524
2020	18,129
2021	18,129
2022	<u>18,129</u>
	<u>\$112,754</u>

Jefferson Township  
Logan County, Ohio

Notes to Financial Statements  
December 31, 2017

**NOTE 7 RISK MANAGEMENT**

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

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

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

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

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 \$2,000.

Jefferson Township  
Logan County, Ohio

Notes to Financial Statements  
December 31, 2017

**NOTE 7 RISK MANAGEMENT (continued)**

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.

2017 Contributions to OTARMA \$4,442

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 8 DEFINED BENEFIT PENSION PLANS**

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10% of their gross salaries, and the Township contributed an amount equal to 14% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

**Social Security.** One of the Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Township also contributed an amount equal to 6.2% of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

**NOTE 9 POST-EMPLOYMENT BENEFITS**

OPERS offers cost-sharing, multiple-employer defined benefit post-employment 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 1% during calendar year 2017.

Jefferson Township  
Logan County, Ohio

Notes to Financial Statements  
December 31, 2017

**NOTE 10 – RELATED ORGANIZATION**

The Dr. Earl Sloan Public Library (the Library) is a distinct political subdivision of the State of Ohio. The Library is governed by a six member Board of Trustees. The Library possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the Township for operational subsidies. Although the Township does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Fiscal Officer at the Dr. Earl Sloan Public Library, 2817 Sandusky Street, Zanesfield, Ohio 43360.

Jefferson Township  
Logan County, Ohio  
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2016

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 80,522	\$ 134,620	\$ -	\$ 215,142
Licenses, Permits, and Fees	2,185	4,421		6,606
Intergovernmental Receipts	49,468	125,830		175,298
Earnings on Investments	18	1,396		1,414
Miscellaneous	329	3,600		3,929
<b>Total Cash Receipts</b>	<b>132,522</b>	<b>269,867</b>	<b>-</b>	<b>402,389</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	82,087	42,036		124,123
Public Safety	30,282			30,282
Public Works	87	78,260		78,347
Health		25,290		25,290
Conservation/Recreation	152	10,099		10,251
Intergovernmental				-
Capital Outlay		29,193		29,193
Debt Service:				
Redemption of Principal		14,804		14,804
Interest and Other Fiscal Charges		1,396		1,396
<b>Total Cash Disbursements</b>	<b>112,608</b>	<b>201,078</b>	<b>-</b>	<b>313,686</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>19,914</b>	<b>68,789</b>	<b>-</b>	<b>88,703</b>
Fund Cash Balances, January 1	71,390	263,417		334,807
Fund Cash Balances, December 31	<b>\$ 91,304</b>	<b>\$ 332,206</b>	<b>\$ -</b>	<b>\$ 423,510</b>
Restricted	-	332,206		332,206
Assigned	72,607			72,607
Unassigned (Deficit)	18,697			18,697
Fund Cash Balances, December 31	<b>\$ 91,304</b>	<b>\$ 332,206</b>	<b>\$ -</b>	<b>\$ 423,510</b>

Jefferson Township  
 Logan County, Ohio  
 Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)  
 Fiduciary Fund Type  
 For the Year Ended December 31, 2016

	<b>Private Purpose Trust</b>	<b>Totals (Memorandum Only)</b>
Fund Cash Balances, January 1	\$ 809	\$ 809
<b>Fund Cash Balances, December 31</b>	<b>\$ 809</b>	<b>\$ 809</b>

Jefferson Township  
Logan County, Ohio

Notes to the Financial Statements  
December 31, 2016

**NOTE 1 REPORTING ENTITY**

**A Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Jefferson Township, Logan County, Ohio (the Township) as a body corporate and politic. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance and park maintenance.

**Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations**

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. Note 7 to the financial statements provides additional information for this entity.

The Township is taxing authority for the Dr. Earl Sloan Public Library. This relationship is further discussed in Note 10 to the financial statements.

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**

**A 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 proprietary and fiduciary fund types which are organized on a fund type basis.

**B 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:

1 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.

2 Special Revenue Funds

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

Jefferson Township  
Logan County, Ohio

Notes to the Financial Statements  
December 31, 2016

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B Fund Accounting (continued)**

*Gasoline Tax Fund* – This fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

*Road and Bridge Fund* – This fund accounts for and reports that portion of property tax monies for constructing, maintaining and repairing Township roads and bridges.

*Cemetery Fund* – This fund accounts for and reports that portion of property tax monies for maintaining cemeteries located in the Township.

**3 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 or other capital assets. The Township had the following significant capital project funds.

*Public Works Projects* – This fund accounts for Issue II money spent on behalf of the Township for maintaining and repairing Township roads.

**4 Fiduciary Funds**

Fiduciary funds include private purpose trust 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.

The Township had the following significant private purpose trust fund.

*Cemetery Bequest Fund* – The amount donated is to be maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donors.

**C. Basis of Accounting**

These financial statements follow the accounting basis permitted by 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.

**D Budgetary Process**

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



Jefferson Township  
Logan County, Ohio

Notes to Financial Statements  
December 31, 2016

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D Budgetary Process (continued)**

1 Appropriations

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

2 Estimated Resources

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

3 Encumbrances

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

A summary of the 2016 budgetary activity appears in Note 3.

**E Deposits and Investments**

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

The Township values Federal Home Loan Mortgage Notes at cost.

**F Capital Assets**

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

**G 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.

Jefferson Township  
Logan County, Ohio

Notes to Financial Statements  
December 31, 2016

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H 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:

*Non Spendable* – 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.

*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 the 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.

Jefferson Township  
Logan County, Ohio

Notes to Financial Statements  
December 31, 2016

**NOTE 3 BUDGETARY ACTIVITY**

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

2016 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 108,810	\$ 132,522	\$ 23,712
Special Revenue	223,822	269,867	46,045
Capital Projects	29,673	-	(29,673)
Trust	1	-	(1)
Totals	<u>\$ 362,306</u>	<u>\$ 402,389</u>	<u>\$ 40,083</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 172,014	\$ 112,637	\$ 59,377
Special Revenue	368,616	201,078	167,538
Capital Projects	29,674	-	29,674
Trust	-	-	-
Totals	<u>\$ 570,304</u>	<u>\$ 313,715</u>	<u>\$ 256,589</u>

Jefferson Township  
Logan County, Ohio

Notes to Financial Statements  
December 31, 2016

**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 at December 31 was as follows:

	<u>2016</u>
Demand Deposits	\$394,132
Federal Home Loan Mortgage Corporate Notes	<u>30,187</u>
Total Deposits	<u>\$424,319</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: The Federal Reserve holds the Township's Federal Home Loan Mortgage Notes in book entry in the name of the Township's investment company. The investment company maintains records identifying the Township as owner of these notes.

**NOTE 5 TAXES**

**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 the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Jefferson Township  
Logan County, Ohio

Notes to Financial Statements  
December 31, 2016

**NOTE 6 DEBT**

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Note Payable-KS State Bank	\$ 36,514	2.72%

In December of 2014, the Township entered into a promissory note to purchase a Case loader backhoe for Township road maintenance, cemetery work, and other miscellaneous uses. The Township traded in an old back hoe for \$11,000 and applied the trade-in to the purchase of the new equipment. The purchase price of the new backhoe was \$84,310, less the trade in of \$11,000 and a downpayment of \$10,000 leaving the loan amount of \$63,310. The Township is to make annual principal and interest payments of \$13,714 starting in 2015 with a maturity date of December 2019; however, in 2017, the Township made an annual payment of \$16,200. The debt, secured by the equipment purchased, will be paid from multiple funds due to the multiple uses.

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

<u>Year Ending December 31,</u>	<u>Notes Payable</u>
2017	\$13,714
2018	\$13,714
2019	<u>11,018</u>
	<u>\$38,446</u>

Jefferson Township  
Logan County, Ohio

Notes to Financial Statements  
December 31, 2016

**NOTE 7 RISK MANAGEMENT**

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

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

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, 2016 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 statement (audited by other accountants) conform with generally accepted accounting principles and reported the following assets, liabilities and retained earnings at December 31, 2016.

	<u>2016</u>
Assets	\$ 38,473,283
Liabilities	<u>\$ 8,244,140</u>
Net Position	<u>\$ 30,229,143</u>

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

Jefferson Township  
Logan County, Ohio

Notes to Financial Statements  
December 31, 2016

**NOTE 7 RISK MANAGEMENT (continued)**

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.

2016 Contributions to OTARMA \$4,255

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 8 DEFINED BENEFIT PENSION PLANS**

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members contributed 10% of their gross salaries, and the Township contributed an amount equal to 14% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**Social Security.** One of the Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Township also contributed an amount equal to 6.2% of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**NOTE 9 POST-EMPLOYMENT BENEFITS**

OPERS offers cost-sharing, multiple-employer defined benefit post-employment 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 Plan and Combined Plan was 2% in 2016.

Jefferson Township  
Logan County, Ohio

Notes to Financial Statements  
December 31, 2016

**NOTE 10 – RELATED ORGANIZATION**

The Dr. Earl Sloan Public Library (the Library) is a distinct political subdivision of the State of Ohio. The Library is governed by a six member Board of Trustees. The Library possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the Township for operational subsidies. Although the Township does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Fiscal Officer at the Dr. Earl Sloan Public Library, 2817 Sandusky Street, Zanesfield, Ohio 43360.





CERTIFIED PUBLIC ACCOUNTANTS

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

Jefferson Township  
Logan County, Ohio  
P O Box 10  
Zanesfield, Ohio 43360

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 Jefferson Township, Logan County, Ohio, (the Township), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated June 18, 2018, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 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 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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 a 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. We consider finding 2017-001 described in the accompanying Schedule of Findings to be a material weakness.

Jefferson Township  
Logan County, Ohio  
Independent Auditors' Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2017-002 described in the accompanying schedule of findings to be a significant deficiency.

### **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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as finding 2017-001 and 2017-002.

### **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.

*Van Keenel + Company*

Dublin, Ohio

June 18, 2018

Jefferson Township  
Logan County  
Schedule of Findings  
December 31, 2017 and 2016

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number 2017-001

Noncompliance and Material Weakness

Financial Reporting

Ohio Admin Code Section 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance related legal and contractual requirements and prepare financial statements.

The Fiscal Officer posted certain revenue and expenditure transactions incorrectly resulting in material audit adjustments. The following errors were noted in the financial statements that required reclassifications:

In 2017:

Beginning cash fund balances at January 1, 2017 were overstated as follows: General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, and Nonexpendable Trust Funds were overstated by \$723, \$115, \$622, and \$822, respectively. The overstatement of the cash fund balances at January 1, 2017 totaled \$2,282.

Intergovernmental receipts of money provided by the State as a reimbursement for statutory tax credits and reductions granted to real and personal property taxpayers, including rollback and homestead exemption were posted to Property Taxes as follows:

General Fund	\$ 10,635
Special Revenue Funds:	
Road and Bridge	6,373
Cemetery	3,738
Park Fund	2,308
Dr. Sloan Library	901
	<u>\$ 23,955</u>

Redemption of Principal of \$15,207 and Interest Charges of \$993 were posted to Capital Outlay in the Gasoline Tax, Road and Bridge, and Cemetery Funds.

Earnings from Investments in the amount of \$1,361 was not recorded in the Nonexpendable Trust Fund.

In March 2017, the Township obtained a loan in the amount of \$82,785 for the purchase of a 2018 International dump truck; however, the accounting records and financial statements did not reflect the memo activity of \$27,595, \$30,104, and \$25,086 as Debt Proceeds and related capital outlay in the Gas Tax, Road and Bridge, and Cemetery Funds, respectively.

Jefferson Township  
Logan County  
Schedule of Findings  
December 31, 2017 and 2016

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number 2017-001 (continued)

In 2016:

Earnings from Investments were overstated by \$723, \$115, \$622 and \$822 in the General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund and Nonexpendable Trust Funds, respectively.

Intergovernmental receipts of money provided by the State as a reimbursement for statutory tax credits and reductions granted to real and personal property taxpayers, including rollback and homestead exemption were posted to Property Taxes as follows:

General Fund	\$ 10,049
Special Revenue Funds:	
Road and Bridge	5,910
Cemetery	3,748
Park Fund	2,318
Dr. Sloan Library	<u>1,509</u>
	<u>\$ 23,534</u>

Redemption of Principal of \$14,804 and Interest Charges of \$1,396 were posted to Capital Outlay in the Gasoline Tax, Road and Bridge, and Cemetery Funds.

Government Accounting Standards Board (GASB) Statement No. 54 for Fund Balance Reporting (as discussed in AOS Bulletin 2011-004) defines the fund balance classifications related to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned. This Statement requires that when the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. Stated differently, if appropriations (temporary or annual) exceed estimated receipts (not resources), the excess is to be assigned as if uses existing fund balance at year-end. This would be applicable to the General Fund as it is the only fund with a positive unassigned fund balance.

The Township did not include the excess of appropriations to estimated receipts as an assigned fund balance in the General Fund at December 31, 2017 and 2016. This resulted in an adjustment of \$73,756 and \$72,607 at December 31, 2017 and 2016, respectively, from unassigned to assigned fund balance.

The failure to correctly record revenues and expenditures in the accounting records and financial statements not only impacts the user's understanding of the financial operations, it also inhibits the Township Trustees and management's ability to make sound financial decisions, may impact the Township's ability to comply with budgetary laws, and can result in the material misstatement of the financial statements. The Township's financial records and the accompanying financial statements have been adjusted to correctly reflect the balances and financial activity.

The Township's Fiscal Officer should review the Ohio Township Manual, the UAN Manual, and Auditor of State Bulletins for guidance in the recording of revenues and expenditures. The Township's Fiscal Officer and Trustees should also perform a periodic review of the financial records to help identify revenue and expenditure recording errors.

Official's Response: We did not receive a response from Officials to this finding.

Jefferson Township  
Logan County  
Schedule of Findings  
December 31, 2017 and 2016

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number 2017-002

Noncompliance and Significant Deficiency

Ohio Revised Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificate of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater than the amount in the official certificate of estimated resources. Ohio Revised Code Section 5705.36(A)(3) requires obtaining an increased amended certificate from the budget commission if the legislative authority intends to appropriate and expend excess revenue. Ohio Revised Code Section 5705.40 allows an entity to amend or supplement appropriations.

Ohio Revised Code Section 5705.40 allows for appropriation measures to be amended or supplemented if the entity complies with the same laws used in making the original appropriation. Budgeted appropriations coincide with either the final appropriations the legislative body passed prior to fiscal year-end or the sum of those final appropriations plus encumbrances carried forward from the prior year.

During 2017, the fiscal officer recorded estimated resources in excess of the amount filed with the Budget Commission for the General Fund and Special Revenue Funds.

During 2016, the fiscal officer recorded estimated resources in excess of the amount filed with the Budget Commission for the General Fund and Special Revenue Funds.

This failure resulted in the following budgetary receipt variances:

<u>2017</u>	<u>Budgeted Receipts Per Township</u>	<u>Budgeted Receipts Per Final Certificate Of Estimated Resources</u>	<u>Overstated (Understated) Variance</u>
General Fund	\$104,113	\$100,770	\$ 3,343
Special Revenue Funds	\$249,988	\$241,376	\$ 8,612
 <u>2016</u>			
General Fund	\$111,456	\$108,810	\$ 2,646
Special Revenue Funds	\$227,834	\$223,822	\$ 4,012

During 2016, the fiscal officer recorded appropriations that were less than the amount of the final appropriations filed with the County Auditor. The General Fund appropriations were understated by \$2,900 and Special Revenue Fund appropriations were overstated by \$1,610.

All local public offices should integrate budgetary amounts at the legal level of control or lower into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

Jefferson Township  
Logan County  
Schedule of Findings  
December 31, 2017 and 2016

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number 2017-002 (continued)

Noncompliance and Significant Deficiency (continued)

Inaccurate budgetary information posted to the accounting system could result in management of the Township being unable to effectively monitor and report its budget versus actual status throughout the year. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present budgeted receipts and appropriation authority as certified by the County Budget Commission.

We recommend that the Fiscal Officer record estimated receipts directly from the certificate of estimated resources and any amendments thereto. This will ensure useful comparisons of estimated to actual receipts made throughout the year and help indicate when an increased or decreased amended certificate should be obtained. We noted the Fiscal Officer has taken measures to accurately reflect the final appropriations in its 2017 accounting records.

Officials Response: We did not receive a response from Township officials.

Jefferson Township  
 Logan County  
 Schedule of Prior Audit Findings  
 December 31, 2017 and 2016

<u>Finding</u>	<u>Description</u>	<u>Fully Corrected</u>	<u>Not Corrected; Partially Corrected; Significantly Different; Corrective Action Taken or Finding No Longer Valid; Explain.</u>
2015-001	Financial Reporting	No	Repeated as Finding 2017-001
2015-002	Amended Certificate of Estimated Resources	No	Repeated as Finding 2017-002
2015-003	Delinquent Receipt of Funds	Yes	

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# Dave Yost • Auditor of State

**JEFFERSON TOWNSHIP**

**LOGAN 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  
JULY 24, 2018**