



OHIO AUDITOR OF STATE  
**KEITH FABER**





**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY  
DECEMBER 31, 2018, 2017, AND 2016**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Jefferson Township  
Montgomery County  
One Business Park Drive  
Dayton, Ohio 45417

To the Board of Township 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, Montgomery County, Ohio (the Township) as of and for the years ended December 31, 2018, 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 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 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2018, 2017, and 2016, 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, Montgomery County, as of December 31, 2018, 2017, and 2016, 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 November 21, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 21, 2019

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$96,076	\$1,889,088		\$1,985,164
Charges for Services		209,180		209,180
Licenses, Permits and Fees	48,290	850		49,140
Fines and Forfeitures	4,383			4,383
Intergovernmental	83,912	513,172		597,084
Special Assessments	202,120	63,321		265,441
Earnings on Investments	16			16
Miscellaneous	9,175	33,758		42,933
<i>Total Cash Receipts</i>	<u>443,972</u>	<u>2,709,369</u>		<u>3,153,341</u>
<b>Cash Disbursements</b>				
Current:				
General Government	436,882	6,000		442,882
Public Safety		1,922,808		1,922,808
Public Works		614,189		614,189
Health		4,456		4,456
Other				0
Capital Outlay	20,580	83,171		103,751
Debt Service:				
Principal Retirement	16,000	47,702		63,702
Interest and Fiscal Charges	14,800	9,874		24,674
<i>Total Cash Disbursements</i>	<u>488,262</u>	<u>2,688,200</u>		<u>3,176,462</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(44,290)</u>	<u>21,169</u>		<u>(23,121)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Proceeds of Debt		46,815		46,815
Sale of Capital Assets		123,720		123,720
Transfers In		6,000		6,000
Transfers Out	(6,000)			(6,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(6,000)</u>	<u>176,535</u>		<u>170,535</u>
Special Item	<u>7</u>			<u>7</u>
<i>Net Change in Fund Cash Balances</i>	<u>(50,283)</u>	<u>197,704</u>		<u>147,421</u>
<i>Fund Cash Balances, January 1</i>	<u>75,835</u>	<u>1,014,551</u>	<u>\$24,998</u>	<u>1,115,384</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		1,212,255	24,998	1,237,253
Assigned	7,526			7,526
Unassigned (Deficit)	18,026			18,026
<i>Fund Cash Balances, December 31</i>	<u>\$25,552</u>	<u>\$1,212,255</u>	<u>\$24,998</u>	<u>\$1,262,805</u>

See accompanying notes to the basic financial statements

JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2018

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	<u>Agency</u>
<b>Operating Cash Receipts</b>	
Miscellaneous	\$90,801
<i>Total Operating Cash Receipts</i>	<u>90,801</u>
<b>Operating Cash Disbursements</b>	
Contractual Services	16,741
<i>Total Operating Cash Disbursements</i>	<u>16,741</u>
<i>Net Change in Fund Cash Balance</i>	74,060
<i>Fund Cash Balance, January 1</i>	<u>0</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$74,060</u></u>

*See accompanying notes to the basic financial statements*



**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Jefferson Township, Montgomery County, (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 and bridge maintenance, and fire protection and emergency medical services. The Township contracts with the Montgomery County Sheriff's Office to provide security of persons and property.

The Township participates in one public entity risk pool, Ohio Township Association Risk Management Authority (OTARMA), which provides property and casualty coverage for the Township. Note 8 to the financial statements provides additional information.

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

**B. Accounting Basis and 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 statement of receipts, disbursements and change in fund balance (regulatory cash basis) for the Township's fiduciary fund type which are organized on a fund type basis.

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

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

**C. Deposits**

The Township's deposits are maintained in a demand deposit account.

**D. 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.

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

**2. 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 and Bridge Fund** - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

**Gasoline Tax Fund** - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

**Motor Vehicle License Tax Fund** - This fund receives motor vehicle registration money for constructing, maintaining, and repairing Township roads and bridges.

**Police District Fund** - This fund receives property tax money to provide police protection for Township residents by contracting with the Montgomery County Sheriff's Office.

**Fire/EMS Fund** - This fund receives property tax money and charges for services money to provide fire and EMS protection services to Township residents.

**Lighting District Fund** - This fund receives special assessments money to provide street lighting throughout 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 and other capital assets. The Township had the following significant capital project fund:

**Admin/Fire Building Capital Fund** - This fund received monies from note and bond proceeds, and these funds were utilized for the construction of a new Township building and fire station.

**4. 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 monies received from insurance companies and reimburses residents when their buildings are fixed.

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 canceled, and re-appropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2018 budgetary activity appears in Note 4.

**F. Fund Balance**

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

**1. Nonspendable**

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

**2. Restricted**

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

**3. Committed**

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

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

**4. Assigned**

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

**5. Unassigned**

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

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

**G. 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.

**H. Accumulated Leave**

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

**2. DEPOSITS**

The Township maintains a deposit 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>2018</u>
Demand deposits	\$1,336,865

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**3. COMPLIANCE**

Contrary to Ohio law, the Township did not certify the availability of funds prior to purchase commitment for 27 of 46 (59%) tested disbursements. Also contrary to Ohio law, the elected officials' salary allocations were not supported by certifications of percentage of time spent working on matters to be paid from the various funds. Lastly, contrary to Ohio law, appropriation authority exceeded estimated resources in the General fund by \$1,980 for the year ended December 31, 2018.

**4. BUDGETARY ACTIVITY**

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

<b>2018 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$401,367	\$443,979	\$42,612
Special Revenue	2,409,729	2,885,904	476,175
Capital Projects	0	0	0
Total	\$2,811,096	\$3,329,883	\$518,787

<b>2018 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$487,643	\$494,262	(\$6,619)
Special Revenue	3,120,240	2,688,200	432,040
Capital Projects	19,900	0	19,900
Total	\$3,627,783	\$3,182,462	\$445,321

**5. PROPERTY TAX**

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

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

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

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**6. DEBT**

Debt outstanding at December 31, 2018 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Township Building Bonds	\$308,000	4.625%
Fire Station Bonds	206,000	4.625%
Stryker Equipment Loan	9,113	0.0%
Total	<b>\$523,113</b>	

The Township issued the two General Obligation bonds to finance the construction of the Township building and fire station in the amount of \$821,000. The bonds are scheduled to be repaid in 2032.

During 2018, the Township issued a loan to finance the Township's portion of fire and EMS equipment in the amount of \$46,815. The loan is scheduled to be repaid in 2021.

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

<b>Year ending December 31:</b>	<b>Township Building Bonds</b>	<b>Fire Station Bonds</b>	<b>Stryker Equipment Loan</b>
2019	\$30,083	\$19,412	\$4,050
2020	29,356	20,951	4,050
2021	30,556	20,371	1,013
2022	30,724	19,816	
2023	29,845	20,261	
2024-2028	150,863	100,598	
2029-2032	120,632	80,816	
Total	<b>\$422,059</b>	<b>\$282,225</b>	<b>\$9,113</b>

**7. DEFINED BENEFIT PENSION PLANS**

**Ohio Public Employees Retirement System** – Several employees of the Township 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. OPERS-Local members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. OPERS-Public Safety members contributed 12% of their gross salaries and the Township contributed an amount equaling 18.1% of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

**Ohio Police and Fire Retirement System** – One employee of the Township belongs to the Police and Fire Pension Fund (OP&F). OP&F 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.

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**7. DEFINED BENEFIT PENSION PLANS (Continued)**

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of the employee's wages. The Township has paid all contributions required through December 31, 2018.

**Social Security** – Several 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 contributed an amount equal to 6.2% of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

**8. RISK MANAGEMENT**

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 (local entity'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:

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

**9. CONTINGENT LIABILITIES**

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

**10. 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.

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**10. POSTEMPLOYMENT BENEFITS (Continued)**

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.

**11. SUBSEQUENT EVENT**

On November 5, 2019 the Township passed a tax levy for an additional 5.5 mills for the purpose of providing, maintaining, and improving fire apparatus, appliances, buildings, or sites thereof, or sources of water supply and materials thereof, or the establishment and maintenance of lines of fire alarm telegraph, or the payment of permanent, part-time firefighters, paramedics, and/or firefighting companies to operate the same, including the payment of the firefighter employer; contribution required under section 742.34 of the revised code, for the purchase of tankers, engine tankers, ambulances, and ambulance equipment, or the provision of ambulance, paramedic, or other emergency medical services operated by a fire department or firefighting company. The tax is first due in calendar year 2020.



**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$94,172	\$1,704,862		\$1,799,034
Charges for Services		184,854		184,854
Licenses, Permits and Fees	44,570	1,500		46,070
Fines and Forfeitures	4,041			4,041
Intergovernmental	90,493	590,630		681,123
Special Assessments	195,012	12,333		207,345
Miscellaneous	956	7,367		8,323
<i>Total Cash Receipts</i>	<u>429,244</u>	<u>2,501,546</u>		<u>2,930,790</u>
<b>Cash Disbursements</b>				
Current:				
General Government	400,768	68		400,836
Public Safety		1,737,428		1,737,428
Public Works		394,081		394,081
Health		2,826		2,826
Other				0
Capital Outlay	2,500	110,533		113,033
Debt Service:				
Principal Retirement	15,000	29,382		44,382
Interest and Fiscal Charges	15,494	10,656		26,150
<i>Total Cash Disbursements</i>	<u>433,762</u>	<u>2,284,974</u>		<u>2,718,736</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,518)</u>	<u>216,572</u>		<u>212,054</u>
<b>Other Financing Receipts</b>				
Sale of Capital Assets		6,173		6,173
<i>Total Other Financing Receipts</i>		6,173		6,173
Special Item	53			53
<i>Net Change in Fund Cash Balances</i>	(4,465)	222,745		218,280
<i>Fund Cash Balances, January 1</i>	<u>80,300</u>	<u>791,806</u>	<u>\$24,998</u>	<u>897,104</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		1,014,551	24,998	1,039,549
Assigned	75,835			75,835
<i>Fund Cash Balances, December 31</i>	<u>\$75,835</u>	<u>\$1,014,551</u>	<u>\$24,998</u>	<u>\$1,115,384</u>

See accompanying notes to the basic financial statements

JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2017

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	<u>Agency</u>
<b>Operating Cash Disbursements</b>	
Contractual Services	\$6,500
<i>Total Operating Cash Disbursements</i>	<u>6,500</u>
<i>Net Change in Fund Cash Balance</i>	(6,500)
<i>Fund Cash Balance, January 1</i>	<u>6,500</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$0</u></u>

*See accompanying notes to the basic financial statements*

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Jefferson Township, Montgomery County, (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 and bridge maintenance, and fire protection and emergency medical services. The Township contracts with the Montgomery County Sheriff's Office to provide security of persons and property.

The Township participates in one public entity risk pool, Ohio Township Association Risk Management Authority (OTARMA), which provides property and casualty coverage for the Township. Note 7 to the financial statements provides additional information.

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

**B. Accounting Basis and 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 statement of receipts, disbursements and change in fund balance (regulatory cash basis) for the Township's fiduciary fund type which are organized on a fund type basis.

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

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

**C. Deposits**

The Township's deposits are maintained in a demand deposit account.

**D. 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.

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**2. 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 and Bridge Fund** - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

**Gasoline Tax Fund** - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

**Motor Vehicle License Tax Fund** - This fund receives motor vehicle registration money for constructing, maintaining, and repairing Township roads and bridges.

**Police District Fund** - This fund receives property tax money to provide police protection for Township residents by contracting with the Montgomery County Sheriff's Office.

**Fire/EMS Fund** - This fund receives property tax money and charges for services money to provide fire and EMS protection services to Township residents.

**Lighting District Fund** - This fund receives special assessments money to provide street lighting throughout 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 and other capital assets. The Township had the following significant capital project fund:

**Admin/Fire Building Capital Fund** - This fund received monies from note and bond proceeds, and these funds were utilized for the construction of a new Township building and fire station.

**4. 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 monies received from insurance companies and reimburses residents when their buildings are fixed.

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 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 re-appropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2017 budgetary activity appears in Note 3.

**F. Fund Balance**

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

**1. Nonspendable**

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

**2. Restricted**

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

**3. Committed**

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

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**4. Assigned**

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

**5. Unassigned**

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

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

**G. 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.

**H. Accumulated Leave**

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

**2. DEPOSITS**

The Township maintains a deposit 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	\$1,115,384

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2017, \$89,935 of deposits were not insured or collateralized, due to reduced collateral through OPCS.

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**3. BUDGETARY ACTIVITY**

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

<b>2017 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$409,349	\$429,297	\$19,948
Special Revenue	2,473,046	2,507,719	34,673
Capital Projects	0	0	0
Total	\$2,882,395	\$2,937,016	\$54,621

<b>2017 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$492,600	\$435,927	\$56,673
Special Revenue	2,969,220	2,289,571	679,649
Capital Projects	0	0	0
Total	\$3,461,820	\$2,725,498	\$736,322

**4. PROPERTY TAX**

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2017 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Township Building Bonds	\$324,000	4.625%
Fire Station Bonds	216,000	4.625%
Total	\$540,000	

The Township issued the two General Obligation bonds to finance the construction of the Township building and fire station in the amount of \$821,000. The bonds are scheduled to be repaid in 2032.

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**5. DEBT (Continued)**

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

Year ending December 31:	Township Building Bonds	Fire Station Bonds
2018	\$30,799	\$19,874
2019	30,083	19,412
2020	29,356	20,951
2021	30,556	20,371
2022	30,724	19,816
2023-2027	150,818	100,917
2028-2032	150,522	100,758
Total	\$452,858	\$302,099

**6. DEFINED BENEFIT PENSION PLANS**

**Ohio Public Employees Retirement System** – Several employees of the Township 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. OPERS-Local members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. OPERS-Public Safety members contributed 12% of their gross salaries and the Township contributed an amount equaling 18.1% of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

**Ohio Police and Fire Retirement System** – One employee of the Township belongs to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of the employee's wages. The Township has paid all contributions required through December 31, 2017.

**Social Security** – Several 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 contributed an amount equal to 6.2% of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

**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.



**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**7. RISK MANAGEMENT (Continued)**

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.

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

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 \$26,000.

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.

<b><u>2017 Contributions to OTARMA</u></b>
\$57,965

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**7. RISK MANAGEMENT (Continued)**

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.

**8. CONTINGENT LIABILITIES**

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

**9. COMPLIANCE**

Contrary to Ohio law, the Township did not certify the availability of funds prior to purchase commitment for 49 of 68 (72%) tested disbursements. Also contrary to Ohio law, the elected officials' salary allocations were not supported by certifications of percentage of time spent working on matters to be paid from the various funds. Lastly, contrary to Ohio law, appropriation authority exceeded estimated resources in the General and Fire/EMS Funds by \$4,355 and \$284,281, respectively, for the year ended December 31, 2017.

**10. 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. OPERS contributes 1 percent of employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$95,657	\$1,137,083		\$1,232,740
Charges for Services		137,397		137,397
Licenses, Permits and Fees	37,395	1,300		38,695
Fines and Forfeitures	4,228			4,228
Intergovernmental	79,754	683,248		763,002
Estate Tax	6,954			6,954
Special Assessments	201,497	11,890		213,387
Miscellaneous	13,500	39,830		53,330
<i>Total Cash Receipts</i>	<u>438,985</u>	<u>2,010,748</u>		<u>2,449,733</u>
<b>Cash Disbursements</b>				
Current:				
General Government	416,218	26,357		442,575
Public Safety		1,241,431		1,241,431
Public Works		410,489		410,489
Health		2,682		2,682
Other	8,172			8,172
Capital Outlay		286,690		286,690
Debt Service:				
Principal Retirement	14,000	47,828		61,828
Interest and Fiscal Charges	16,164	12,373		28,537
<i>Total Cash Disbursements</i>	<u>454,554</u>	<u>2,027,850</u>		<u>2,482,404</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(15,569)</u>	<u>(17,102)</u>		<u>(32,671)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets		2,639		2,639
Advances In	40,000			40,000
Advances Out		(40,000)		(40,000)
<i>Total Other Financing Receipts (Disbursements)</i>	40,000	(37,361)		2,639
Special Item		3,027		3,027
<i>Net Change in Fund Cash Balances</i>	24,431	(51,436)		(27,005)
<i>Fund Cash Balances, January 1</i>	<u>55,869</u>	<u>843,242</u>	<u>\$24,998</u>	<u>924,109</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		791,806	24,998	816,804
Assigned	80,300			80,300
<i>Fund Cash Balances, December 31</i>	<u>\$80,300</u>	<u>\$791,806</u>	<u>\$24,998</u>	<u>\$897,104</u>

See accompanying notes to the basic financial statements

JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2016

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	<u>Agency</u>
<b>Operating Cash Receipts</b>	
Miscellaneous	<u>\$20,100</u>
<i>Total Operating Cash Receipts</i>	<u>20,100</u>
<b>Operating Cash Disbursements</b>	
Contractual Services	<u>30,600</u>
<i>Total Operating Cash Disbursements</i>	<u>30,600</u>
<i>Net Change in Fund Cash Balance</i>	(10,500)
<i>Fund Cash Balance, January 1</i>	<u>17,000</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$6,500</u></u>

*See accompanying notes to the basic financial statements*

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**2. Special Revenue Funds**

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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 monies received from insurance companies and reimburses residents when their buildings are fixed.

**E. Budgetary Process**

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

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 canceled, and re-appropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2016 budgetary activity appears in Note 3.

**F. Fund Balance**

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

**1. Nonspendable**

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

**2. Restricted**

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

**4. Assigned**

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

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**5. Unassigned**

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

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

**G. 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.

**H. Accumulated Leave**

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

**2. DEPOSITS**

The Township maintains a deposit 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	\$903,604

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution.

**3. BUDGETARY ACTIVITY**

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

<b>2016 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$463,927	\$478,985	\$15,058
Special Revenue	2,134,000	2,016,414	(117,586)
Capital Projects	0	0	0
Total	\$2,597,927	\$2,495,399	(\$102,528)



**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2016 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$488,437	\$454,554	\$33,883
Special Revenue	2,738,369	2,067,850	670,519
Capital Projects	24,998	0	24,998
Total	\$3,251,804	\$2,522,404	\$729,400

**4. PROPERTY TAX**

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2016 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Township Building Bonds	\$339,000	4.625%
Fire Station Bonds	\$226,000	4.625%
Ambulance Loan	19,383	4.205%
Total	\$584,383	

The Township issued the two General Obligation bonds to finance the construction of the Township building and fire station in the amount of \$821,000. The bonds are scheduled to be repaid in 2032.

During 2012, the Township received a loan from the Republic First National Corporation which was used to finance the purchase of an ambulance. The loan is scheduled to be repaid in 2017.

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**5. DEBT (Continued)**

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

Year ending December 31:	Township Building Bonds	Fire Station Bonds	Ambulance Loan
2017	\$30,493	\$20,337	\$19,701
2018	30,799	19,874	
2019	30,083	19,412	
2020	29,356	20,951	
2021	30,556	20,371	
2022-2026	150,559	100,062	
2027-2031	151,485	100,734	
2032	30,020	20,695	
Total	\$483,351	\$322,436	\$19,701

**6. DEFINED BENEFIT PENSION PLANS**

**Ohio Public Employees Retirement System** – Several employees of the Township 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. OPERS-Local members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. OPERS-Public Safety members contributed 12% of their gross salaries and the Township contributed an amount equaling 18.1% of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**Ohio Police and Fire Retirement System** – One employee of the Township belongs to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of the employee's wages. The Township has paid all contributions required through December 31, 2016.

**Social Security** – Several 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 contributed an amount equal to 6.2% of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**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.

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**7. RISK MANAGEMENT (Continued)**

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

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

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 \$18,000.

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.

<b><u>2016 Contributions to OTARMA</u></b>
\$39,996

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**7. RISK MANAGEMENT (Continued)**

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.

**8. CONTINGENT LIABILITIES**

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

**9. COMPLIANCE**

Contrary to Ohio law, the Township did not certify the availability of funds prior to purchase commitment for 39 of 47 (83%) tested disbursements. Also contrary to Ohio law, appropriation authority exceeded estimated resources in the Fire/EMS Fund by \$68,050 for the year ended December 31, 2016.

**10. 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. OPERS contributes 2 percent of employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

# OHIO AUDITOR OF STATE KEITH FABER



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

Jefferson Township  
Montgomery County  
One Business Park Drive  
Dayton, Ohio 45417

To the Board of Township 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, Montgomery County, (the Township) as of and for the years ended December 31, 2018, 2017, and 2016, and the related notes to the financial statements, and have issued our report thereon dated November 21, 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 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 material weaknesses 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 findings 2018-001, 2018-002, and 2018-006 described in the accompanying schedule of findings to be material weaknesses.

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 2018-004 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 we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2018-003 through 2018-006.

***Township's Responses to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***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.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 21, 2019

**JEFFERSON TOWNSHIP  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018, 2017, AND 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2018-001**

**Material Weakness – Budgetary Information in Accounting System**

Sound accounting practices require accurately posting estimated receipts and appropriations to the accounting system to provide information for budget versus actual comparison and to allow the Trustees to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Trustees are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditure for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The Township received an Official Certificate of Estimated Resources from the Montgomery County Budget Commission and approved annual appropriation measures. The amount of estimated receipts from the certificate and the approved appropriations for each fund should be entered into the accounting system to enable the Township to monitor budgetary compliance with the approved budgeted amounts throughout the year.

The amounts entered into the accounting system as estimated receipts for 2018, 2017, and 2016 did not agree to the Official and Amended Certificates of Estimated Resources as received from the Montgomery County Budget Commission. The following variances were noted:

- In 2018, variances between the Amended Certificate and the accounting system ranged from \$(1,655) to \$82,291
- In 2017, the Township had a \$(8,101) variance between the Amended Certificate and the accounting system throughout the year
- In 2016, variances between the Amended Certificate and the accounting system ranged from \$819 to \$471,966

The amounts entered into the accounting system as appropriations for 2018, 2017, and 2016 did not agree to the approved appropriation measures. The following variances were noted:

- In 2018, variances between approved appropriations and the accounting system ranged from \$14,741 to \$80,291
- In 2017, variances between approved appropriations and the accounting system ranged from \$122,742 to \$219,642
- In 2016, variances between approved appropriations and the accounting system ranged from \$(268,066) to \$409,783

**FINDING NUMBER 2018-001  
(Continued)**

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Board of Trustees. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers. Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the notes to the financial statements.

**Fiscal Officer's Response:**

The Fiscal Officer provides eight (8) reports from UAN twice a month to all departments including the Trustees and Administrator. The Fiscal Officer also asks at every meeting during her financial report whether there are any questions or any other information they need, there are none voiced to the Fiscal Officer. Additional reports are also provided upon request throughout the month.

The Fiscal Officer has repeatedly asked the trustees to make arrangements for the Township IT and UAN representatives to get UAN installed on the Township server in order to have real time access to the UAN system so the Trustees may get the information they need. The Fiscal Officer has already made available the UAN system on the Trustees' computer but none of the Trustees have asked the Fiscal Officer for support in pulling the data they need let alone asked the Fiscal Officer for other data they need to improve the Trustees' Fiscal Management. The Trustees have been granted read only access of UAN for the last two years per request by approved resolution.

The Fiscal Officer does not make decisions and does not have the power to direct anyone to do any work for the Township. The Trustees must work with the IT team and UAN in conjunction with the Fiscal Officer to provide the needed access to UAN in order to get the most accurate and up-to-date information. The Fiscal Officer's only part in this process is to be available when all parties are ready to implement the process.

It is suggested the Trustees provide support to the Fiscal Officer to receive the data the trustees need for sound Fiscal Management in Jefferson Township.

**Trustees' Response:**

Trustees have repeatedly requested that the Fiscal Officer provide accurate and up to date records to them, so they can make informed decisions. Reports are provided but they are not accurate.

The Trustee will pass a Resolution, kindly asking the Fiscal Officer to provide Trustees with the following items:

1. Arrange / Install / Give UAN the authority to place UAN on the Township Server, and assure Trustees and Department Managers, including the Administrator, 24 hour / 7 days per week, access to UAN. Provide Trustees a date that this will be done.
2. Provide "weekly" payment listing reports from UAN to Trustees, Department Managers, and the Administrator.
3. Show Trustees proof that the Certificate of Appropriation of each fund is entered into the UAN System along with the Official Certificate of Estimated Resources with the County before January 1st of each year.
4. Show proof to the Trustees and Administrator that the adopted / voted on Permanent Budget is entered into UAN exactly how it was prepared and reported.



**FINDING NUMBER 2018-001  
(Continued)**

5. On or before the 25th of each month, the Fiscal Officer will provide the Trustees and Administrator with the following:
  - a. A report showing any / all variances in each UAN account between the appropriations and official certificate of estimated resources.
  - b. Assure Trustees that the Fiscal Officer has paid all bills/ invoices.
  - c. Fiscal Officer agrees to attend a monthly meeting to be held on / or about the 25<sup>th</sup> day of each month with the Trustees to verify all bills, invoices, and UAN accounts are paid and accounted for before the end of each month.

The above actions of Trustees, as requested from the Fiscal Officer, in a timely, and accurate manner, will assist Trustees in improving on the Township's financial management.

**FINDING NUMBER 2018-002**

**Material Weakness – Financial Statement Errors**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors, due to lack of controls over the review of the financial statements and transactions in the accounting system, were identified as material and resulted in audit adjustments which are reflected within the accompanying financial statements and have been adjusted in the Township's accounting system:

- The Township erroneously posted special assessment receipts related to trash collection and mowing as property and other local taxes in the General Fund and posted the receipts at net instead of gross. As a result, special assessment receipts were understated by \$195,012 and \$201,497, general government disbursements were understated by \$14,390 and \$15,004, and property and other local taxes were overstated by \$180,622 and \$186,493 in the General fund in 2017 and 2016, respectively.
- During 2016 the Township maintained separate Special Revenue funds for Fire and EMS. The funds roll into the Special Revenue fund classification on the financial statements and were funded predominantly by the Fire/EMS property tax levy and corresponding homestead and rollback receipts. Because the property tax levy encompasses both Fire and EMS services, the Township should have reported one fund for Fire/EMS. As a result, the following adjustments were noted (these changes have no impact on the financial statements and affects only the Township's individual fund reporting):
  - Property and other local taxes and cash were overstated in the EMS (Special Revenue) fund and understated in the Fire/EMS (Special Revenue) fund by \$184,695 in 2016.
  - Intergovernmental receipts (FEMA grants) and cash were overstated in the EMS (Special Revenue) fund and understated in the Fire/EMS (Special Revenue) fund by \$288,189 in 2016.
  - Charges for Services receipts and cash were overstated in the EMS (Special Revenue) fund and understated in the Fire/EMS (Special Revenue) fund by \$136,765 in 2016.
  - Debt service: principal and debt service: interest and fiscal charges were overstated by \$34,760 and \$5,023, respectively, in the EMS (Special Revenue) Fund and understated by the same amounts in the Fire/EMS (Special Revenue) Fund in 2016. Further, cash was understated by \$39,783 in the EMS (Special Revenue) Fund and overstated by the same amount in the Fire/EMS (Special Revenue) Fund in 2016.

**FINDING NUMBER 2018-002**  
**(Continued)**

- Public safety disbursements were overstated and cash was understated by \$30,117 in the EMS (Special Revenue) Fund and public safety disbursements were understated and cash was overstated by the same amount in the Fire/EMS (Special Revenue) Fund.
- The Township improperly posted a Reach Out grant to the EMS fund as property and other local taxes therefore property and other local taxes and cash were overstated in the EMS (Special Revenue) fund and cash and intergovernmental revenue were understated in the Fire/EMS (Special Revenue) fund by \$15,000 in 2016.
- Intergovernmental receipts (homestead and rollback) and cash were overstated by \$21,588 in the EMS (Special Revenue) fund and understated by the same amount in the Fire/EMS (Special Revenue) fund.
- The Township improperly classified the purchase of fire and EMS equipment as public safety disbursements and improperly posted a portion of the disbursement to the EMS (Special Revenue) Fund. As a result, public safety disbursements were overstated and cash was understated by \$240,961 in the EMS (Special Revenue) Fund in 2016. Further, capital outlay disbursements were understated by \$286,690, cash was overstated by \$240,961, and public safety disbursements were overstated by \$45,729 in the Fire/EMS (Special Revenue) Fund in 2016.
- The Township improperly classified Trauma & Emergency Medical Service funds from the State of Ohio as miscellaneous receipts in the EMS fund in 2016. As a result, miscellaneous receipts and cash were overstated by \$5,500 in the EMS (Special Revenue) fund and intergovernmental receipts and cash were understated by the same amount in the Fire/EMS (Special Revenue) fund in 2016.
- The Township improperly recorded the adjustment to move cash balance from the EMS (Special Revenue) Fund to the Fire/EMS (Special Revenue) Fund as a transfer between the funds rather than an adjustment to fund cash balance, January 1. As a result, transfers out and fund cash balance, January 1 were overstated by \$9,379 in the EMS (Special Revenue) Fund and transfers in were overstated and fund cash balance, January 1 was understated by \$9,379 in the Fire/EMS (Special Revenue) Fund in 2017.
- The activity remaining in the EMS (Special Revenue) Fund after the above adjustments were applied was re-classified to the Fire/EMS (Special Revenue) Fund. As a result, miscellaneous receipts of \$24,902, other financing receipts: sale of capital assets of \$2,639, public safety disbursements of \$354,299, health disbursements of \$580, and cash of \$39,149 were moved from the EMS (Special Revenue) Fund to the Fire/EMS (Special Revenue) Fund in 2016.
- The Township improperly classified estate taxes as intergovernmental revenue and property and other local taxes in 2016. As a result, estate taxes were understated by \$6,954 and intergovernmental and property and other local taxes were overstated by \$5,615 and \$1,339, respectively, in the General fund.
- The Township improperly posted property tax advances to the Motor Vehicle License Tax (Special Revenue) fund as intergovernmental receipts in 2017. As a result, property and other local taxes and cash were understated by \$9,304 in the Road and Bridge (Special Revenue) fund and intergovernmental receipts and cash were overstated by the same amount in the Motor Vehicle License Tax (Special Revenue) fund.
- The Township improperly classified county-levied permissive motor vehicle license tax receipts as property and other local taxes in 2018 and 2017. As a result, property and other local taxes was overstated and intergovernmental receipts were understated by \$21,055 and \$20,779 in 2018 and 2017, respectively, in the Permissive Motor Vehicle License Tax (Special Revenue) fund.
- The Township improperly posted county-levied permissive motor vehicle license tax receipts to the Motor Vehicle License Tax (Special Revenue) fund in 2016. As a result, intergovernmental receipts and cash were overstated by \$20,680 in the Motor Vehicle License Tax (Special Revenue) fund and intergovernmental receipts and cash were understated by the same amount in the Permissive Motor Vehicle License Tax (Special Revenue) fund.

**FINDING NUMBER 2018-002**  
**(Continued)**

- The Township improperly classified a portion of 2016 property taxes as intergovernmental receipts and improperly posted property tax receipts at net rather than gross in 2016. As a result, property tax revenue was understated by \$9,180, \$20,211, \$34,772, and \$41,926 in the General, Road and Bridge (Special Revenue), Fire/EMS (Special Revenue), and Police District (Special Revenue) funds, respectively. In addition, intergovernmental receipts were overstated by \$3,849, \$15,245, \$25,581, and \$30,966, respectively, and fund disbursements were understated by \$5,331, \$4,966, \$9,191, and \$10,960, respectively, in the funds indicated above.
- The Township improperly posted property tax receipts at net rather than gross in 2017. As a result, property tax revenue and fund disbursements were understated by \$4,017, \$4,371, \$13,738, and \$12,075 in the General, Road and Bridge (Special Revenue), Police District (Special Revenue), and Fire/EMS (Special Revenue) funds, respectively.
- The Township improperly posted property tax receipts at net rather than gross in 2018. As a result, property tax revenue and fund disbursements were understated by \$5,541, \$6,425, \$19,688, and \$17,303 in the General, Road and Bridge (Special Revenue), Police District (Special Revenue), and Fire/EMS (Special Revenue) funds, respectively.
- The Township improperly posted special assessment receipts at net rather than gross and improperly classified a portion of special assessment receipts as miscellaneous receipts and property and other local taxes. As a result, general government disbursements and special assessment receipts were understated by \$15,701 and \$79,837, respectively, and property and other local taxes and miscellaneous receipts were overstated by \$61,040 and \$3,096, respectively, in the General fund in 2018.
- The Township improperly posted special assessment receipts at net rather than gross. As a result, public works disbursements and special assessment receipts were understated by \$893 in the Lighting District (Special Revenue) fund in 2018.
- The Township improperly posted a portion of House Bill 64 (HB64) receipts as special assessments in the General Fund. As a result, special assessment receipts were overstated and intergovernmental receipts were understated by \$7,585 in the General fund in 2016.
- The Township improperly posted an intergovernmental receipt on January 11, 2018 that was received by the Township and deposited by ACH into the Township's bank account on December 27, 2017. As a result, intergovernmental receipts and cash were understated by \$3,075 in the Fire (Special Revenue) fund in 2017. Additionally, Fund Cash Balance, January 1 was understated and intergovernmental receipts were overstated by \$3,075 in the Fire (Special Revenue) fund in 2018.
- The Township improperly posted House Bill 64 (HB64) receipts as intergovernmental receipts in the Road and Bridge (Special Revenue) Fund. As a result, intergovernmental receipts and cash were overstated by \$9,102 in the Road and Bridge (Special Revenue) Fund in 2017 and understated in the General Fund by the same amount in 2017. In addition, intergovernmental receipts and cash were overstated by \$1,517 in the Road and Bridge (Special Revenue) Fund in 2016 and understated in the General Fund by the same amount in 2016. During 2018 the Township posted a fund balance adjustment to move \$10,618 from the Road and Bridge (Special Revenue) fund to the General Fund to properly post the HB64 revenue to the General Fund.
- The Township improperly posted a miscellaneous receipt on January 20, 2017 that was received by the Township on December 12, 2016. Further, the receipt was improperly classified as a special item rather than operating receipt: miscellaneous. As a result, cash and operating receipt: miscellaneous were understated by \$6,500 in the Agency Fund in 2016 and special item receipt was overstated and opening equity was understated by \$6,500 in the Agency Fund in 2017.
- The Township improperly classified Agency Fund receipts as non-operating receipts: miscellaneous in 2016. As a result, operating receipts: miscellaneous were understated and non-operating receipts: miscellaneous were overstated by \$13,600 in the Agency Fund in 2016. Additionally, the Township improperly classified Agency Fund disbursements as operating disbursements: purchased services. As a result, operating disbursements: contractual services were understated and operating disbursements: purchased services were overstated by \$6,500 and \$30,600 in the Agency Fund in 2017 and 2016, respectively.

**FINDING NUMBER 2018-002**  
**(Continued)**

- The Township improperly classified Agency Fund activity to a Private Purpose Trust Fund in 2018. Further, within the fund, the Township improperly classified receipts as non-operating: miscellaneous receipts and improperly classified disbursements as non-operating disbursements: capital outlay. As a result, cash, non-operating disbursements: capital outlay, and non-operating receipts: miscellaneous were overstated by \$74,060, \$16,741, and \$90,801, respectively, in the Private Purpose Trust fund in 2018. Further, cash, operating disbursements: contractual services, and operating receipts: miscellaneous were understated by \$74,060, \$16,741, and \$90,801, respectively, in the Agency Fund in 2018.
- The Township improperly classified two grant receipts from FEMA as miscellaneous. As a result, miscellaneous receipts were overstated and intergovernmental receipts were understated by \$82,089 in the Fire/EMS (Special Revenue) Fund in 2018.
- The Township entered into a financing agreement for fire equipment; however, the Township did not record the proceeds of the debt nor the related disbursement to purchase the equipment. As a result, the Township understated other financing receipts: proceeds of debt and capital outlay disbursements by \$46,815 in the Fire/EMS (Special Revenue) fund in 2018. Additionally, the Township improperly classified debt payments as public safety disbursements. As a result, debt service: principal was understated and public safety disbursements were overstated by \$37,702 in the Fire/EMS (Special Revenue) Fund in 2018.
- The Township sold a medic and posted the proceeds from the sale to a Capital Projects fund in 2018; however, the medic was purchased from the Fire/EMS (Special Revenue) Fund. As a result, cash and other financing receipts: sale of capital assets were overstated by \$22,600 in the Fire/EMS Equipment (Capital Projects) Fund and understated by the same amount in the Fire/EMS (Special Revenue) Fund in 2018.
- The Township sold three trucks and posted the proceeds from the sales to a Capital Projects fund in 2018; however, the trucks were purchased from the Road and Bridge (Special Revenue) Fund. As a result, cash and other financing receipts: sale of capital assets were overstated by \$101,120 in the Road (Capital Projects) Fund and understated by the same amount in the Road and Bridge (Special Revenue) Fund in 2018.
- The Township improperly posted disbursements to Miami Valley Lighting to the Miscellaneous (Special Revenue) Fund. As a result, cash was understated and other financing uses were overstated by \$3,756 in the Miscellaneous (Special Revenue) Fund. Further, cash was overstated and public works disbursements were understated by \$3,756 in the Lighting Assessment (Special Revenue) Fund in 2016.
- The Township improperly posted various non-payroll disbursements made via credit card as salary disbursements in the EMS (Special Revenue) Fund. As a result, cash was understated and public safety disbursements were overstated by \$4,150 in the EMS (Special Revenue) Fund in 2016. In addition, cash was overstated and public safety disbursements were understated by \$3,438 in the Fire/EMS (Special Revenue) Fund; cash was overstated and public works expenditures were understated by \$599 in the Road and Bridge (Special Revenue) Fund; and cash was overstated and general government disbursements were understated by \$113 in the General Fund in 2016.
- The Township improperly classified a portion of a payment issued to Buckeye Business Solutions for a computer upgrade in 2018. As a result, capital outlay disbursements were understated and public safety disbursements were overstated by \$7,764 in the Fire/EMS (Special Revenue) Fund. Additionally, the Township improperly posted a portion of the upgrade costs to the Lighting Assessment (Special Revenue) fund. As a result, cash was understated and public works disbursements were overstated by \$6,418 in the Lighting Assessment (Special Revenue) Fund and cash was overstated and capital outlay disbursements were understated by the same amount in the General Fund. Further, the Township misclassified a portion of the payment as general government disbursements. As a result, general government disbursements were overstated and capital outlay disbursements were understated by \$12,000 in the General Fund.

**FINDING NUMBER 2018-002  
(Continued)**

- Auditor of State Bulletin 2011-004 states, in part, when the appropriation measure is adopted for the subsequent year, and those appropriations exceed estimated receipts, the excess is to be assigned as it uses existing fund balance at year-end. This would be applicable only to the General Fund as it is the only fund with a positive unassigned fund balance. The Township did not properly classify the amount by which appropriations exceeded estimated receipts for the subsequent fiscal year in 2018, 2017, or 2016. As a result, assigned balance was understated and unassigned balance was overstated by \$7,526 in 2018, \$66,733 in 2017, and \$78,783 in 2016.
- In 2018, 2017, and 2016 the Township did not include a budgetary footnote to disclose annual budgeted and actual receipts and disbursements in the Notes to the Financial Statements. The accompanying Notes to the Financial Statements have been adjusted to include required budgetary disclosures.

Policies and procedures should be developed and implemented to verify that all receipts and expenditures are posted in correct accounts, in the proper amounts, and in the correct years. The Township should review postings each month and again at the end of the fiscal year to verify that all amounts are classified and posted correctly. The Township should also implement procedures to review Auditor of State Bulletin 2011-004 prior to completion of the financial statements to verify that all ending fund balances reported comply with its requirements. Failure to do so could result in financial statement users basing their decisions on materially misstated information.

**Fiscal Officer's Response:**

The Trustees and staff were recommended to take training regarding financial management. There were several steps that had to be accomplished to post these items and make corrections. In 2016 there were massive corrections that needed to be made and were not accomplished until in late 2016 when the 2014-2015 audit was completed. Thus the previous procedures continued to be practiced until the final audit report was provided and corrections were able to be made.

The changes in 2016 caused many problems in 2017 and carried on to parts of 2018. These errors were corrections to issues found by the Fiscal Officer dating back to 2011. These issues show in the records until the 2014-2015 audit. No other audits found issues before the 2014-2015 audit. The 2014-2015 audit corrected these errors and clean up started early in 2017 but carried over a little to 2018. Thus the current findings.

The policies and procedure are still not being followed in Jefferson Township as the Fiscal Officer does not have any decision authority. Policies and procedures are the Trustees' decision and responsibility.

It is suggested the Trustees provide the Fiscal Officer more support to provide them the data they need for sound Fiscal Management in Jefferson Township.

**Trustees' Response:**

The Trustees are very concerned with the improper and incorrect postings made by the Fiscal Officer.

1. The Trustees are not permitted to make these postings themselves and are limited in what has been done by the Fiscal Officer.
2. Appropriations of funds in 2020 for the Fiscal Officer to attend and to receive training on journal entries, and posting, to assist the Fiscal Officer to improve skills and abilities, and hopefully to discontinue the numerous posting mistakes.

**FINDING NUMBER 2018-002  
(Continued)**

3. The Trustees are willing to hire a "traveling" UAN official to visit the Township, and to work and provide instruction to the Fiscal Officer to build confidence and knowledge in the system
4. Trustees request that the Fiscal Officer send a month end report to UAN or the State Auditors Office, for twelve (12) consecutive months, in hopes to gain feedback on what is being done correctly or incorrectly.
5. Trustees and staff are agreeable to receive some form of training themselves if this can help correct the issues.

**FINDING NUMBER 2018-003**

**Noncompliance – Proper Encumbering of Expenditures**

**Ohio Rev. Code § 5705.41(D)(1)** states, in part, no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are : "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in the sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** - If the fiscal officer can certify that both at the time the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without resolution or ordinance upon completion of the "then and now" certificate provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.
2. **Blanket Certificate** - Fiscal officers may prepare "blanket" certificates for a certain sum of money not to exceed an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** - The Township may also make expenditures and contract for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. The certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 39 of the 47 (83%) tested disbursements in 2016, wherein the invoice date preceded the purchase order date, and none of the three exceptions above were obtained. Additionally, a purchase order was not issued for two of the checks tested.

**FINDING NUMBER 2018-003  
(Continued)**

The Township did not properly certify the availability of funds prior to purchase commitment for 49 of the 68 (72%) tested disbursements in 2017, wherein the invoice date preceded the purchase order date, and none of the three exceptions above were obtained. Additionally, a purchase order was not issued for seven of the checks tested.

The Township did not properly certify the availability of funds prior to purchase commitment for 27 of the 46 (59%) tested disbursements in 2018, wherein the invoice date preceded the purchase order date, and none of the three exceptions above were obtained.

In addition, the Township issued blanket certificates during 2018, 2017, and 2016; however, there was no Trustee-approved resolution that established the maximum amount at which the Township could issue blanket certificates.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Township should certify that the funds are or will be available prior to the obligation. When prior certification is not possible, "then and now" certification should be used, and the Township Trustees should formally approve all "then and now" certifications by resolution during regular meetings within thirty days of receipt of the "then and now" purchase order if over \$3,000. The Township Trustee should also adopt a resolution establishing a maximum amount for blanket certificates. Failure to properly certify the availability of funds could result in misappropriation of monies and negative cash fund balances.

**Fiscal Officer's Response:**

The Fiscal Officer has repeatedly asked the Township to provide POs and has provided a form to do so for purchases and for certification. The current form is in the process of being updated. This process is not being followed by all departments. The Trustees must make policies and procedures for the Township as the Fiscal Officer does not have decision authority. The Fiscal Officer provides certification according to past procedures in order to keep the Township fiscally sound.

The Fiscal Officer works with the Trustees and only implement what the Trustees decide. The Fiscal Officer has recommended that the Budget and the Payment schedule be coordinated. In the past the Budget was approved before the payment allocation was approved. This has resulted in insufficient funds being allocated in the budget.

**Trustees' Response:**

All Township purchases must have an approved Purchase Order (PO) before the purchase is made starting 1/1/2020.

Trustees will pass a Resolution to begin 1/1/2020, specifying to the Fiscal Officer and Employees the following:

1. What blanket and super blanket purchase orders will be established before the start of each year.
2. Trustees will meet with Department Managers to decide what "Then" and "Now" Certificates need to be established for purchases over \$1,000.00 before 1/1/2020.
3. Trustees are willing to budget and support training for all Employees and Elected Officials on purchase orders, Then and Now Certificates, and Blanket/ super Blankets as long as valid and approved training is determined.

**FINDING NUMBER 2018-004**

**Noncompliance and Significant Deficiency – Payroll Allocations**

**Ohio Rev. Code § 507.09(D)** states, in part, a township fiscal officer may be compensated from the township general fund or from other township funds based on the proportion of time the township fiscal officer spends providing services related to each fund. A township fiscal officer must document the amount of time the township fiscal officer spends providing services related to each fund by certification specifying the percentage of time spent working on matters to be paid from the township general fund or from other township funds in such proportions as the kinds of services performed.

**Ohio Rev. Code § 505.24(C)** states, in part, by unanimous vote, a board of township trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments. The amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. Each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed.

The Fiscal Officer and the Trustees did not certify their time spent on various Township activities during the audit period. Without the certifications required by the Ohio Revised Code, all elected officials should be paid from the General fund.

This resulted in the following variances for the year ended December 31, 2018:

<b>Fund</b>	<b>Payroll to be Charged</b>	<b>Actual Payroll Charged</b>	<b>Variance Over / (Under)</b>
General	\$23,686		(\$23,686)
Road and Bridge (Special Revenue)		\$15,113	\$15,113
Fire / EMS (Special Revenue)		\$7,140	\$7,140
Lighting Assessment (Special Revenue)		\$1,433	\$1,433

This resulted in the following variances for the year ended December 31, 2017:

<b>Fund</b>	<b>Payroll to be Charged</b>	<b>Actual Payroll Charged</b>	<b>Variance Over / (Under)</b>
General	\$8,348		(\$8,348)
Road and Bridge (Special Revenue)		\$6,788	\$6,788
Fire / EMS (Special Revenue)		\$1,560	\$1,560

The Township adjusted its fund balances on November 20, 2019 to properly post elected officials' pay to the General fund.

**Jefferson Township Board of Trustees Resolution 18-163** adopted, retroactive to January 1, 2018, payroll allocations to Township funds for department managers and key employees.



**FINDING NUMBER 2018-004  
 (Continued)**

The Township did not allocate compensation for the Township Administrator, Administrative Assistant, or Customer Service Employee in accordance with Resolution 18-163. This resulted in the following variances for the year ended December 31, 2018:

<b>Fund</b>	<b>Payroll to be Charged</b>	<b>Actual Payroll Charged</b>	<b>Variance Over / (Under)</b>
General	\$41,665	\$44,441	\$2,776
Road and Bridge (Special Revenue)	\$54,763	\$45,339	(\$9,424)
Fire / EMS (Special Revenue)	\$9,444	\$19,006	\$9,562
Cemetery (Special Revenue)	\$3,773	\$0	(\$3,773)
Lighting Assessment (Special Revenue)	\$3,773	\$4,632	\$859

The Township adjusted its fund balances on November 20, 2019 to properly post employee pay to Township funds in accordance with Resolution 18-163.

The Township should implement procedures to verify elected officials' compensation is properly allocated based upon the Ohio Revised Code requirements and certifications prepared by Township officials. Further, the Township should implement procedures to verify department managers and key employees' compensation is allocated in accordance with the approved allocation schedule and consistent with actual work performed. Failure to do so could result in misstated financial statements, overspending of the Township's budget, and findings for adjustment in future audits

**Fiscal Officer's Response:**

This is the Trustees' responsibility and decision. The Fiscal Officer only implements their decision. Please note the Fiscal Officer does not agree or has no justification on the allocation as was approved by the trustees. There needs to be a policy and procedures to fill out the forms more completely. A new form needs to be approved to provide the appropriate information. The Fiscal Officer pointed out several times there is an AOS policy that should be followed. Forms were submitted in 2018 because it was only then the Trustees decided the payment allocation must be followed. To date there is still no resolution specifically stating the policy or procedure to follow in providing this information.

**Trustees' Response:**

The Township Trustees are in agreement to the following:

1. To pass a Resolution before the first of each year to adopt salary allocations with the requirement that no Elected Official is to receive its monthly stipend/ paycheck without turning in the allocation sheet to the payroll department. The allocation sheets will become a part of the payroll records.
2. Trustees will make formal requests given to the Fiscal Officer to provide a monthly report showing that the correct salary allocation has been made for each Elected Official before the end of each month. The report will remain a part of the payroll records.
3. Trustees also will request that the Fiscal Officer provide a report before the end of each month that will show salary allocation has been made to accounts for key staff members as predetermined by the Annual Salary Allocation Program established by Trustees as part of the Annual Permanent Budget.

### FINDING NUMBER 2018-005

#### Noncompliance – Appropriations in Excess of Estimated Resources

**Ohio Rev. Code § 5705.39** states, in part, total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in the case of appeal, by the board of tax appeals.

In 2018 and 2017, due to lack of controls over the budgetary process, appropriations exceeded estimated resources by \$1,980 and \$4,355, respectively, in the General Fund. In 2017 and 2016, appropriations exceeded estimated resources by \$284,281 and \$68,050, respectively, in the Fire/EMS Fund.

The Township should develop and implement procedures to verify that estimated resources are sufficient to cover appropriations at the time of certification or amendment. Failure to do so could result in deficit fund balances due to the Township spending more money than is available.

#### Fiscal Officer's Response:

This is the Trustees' responsibility and decision. The Fiscal Officer only implements this decision. The Fiscal Officer will work with the Trustees to get the information needed to make the appropriate decisions.

It is suggested the Trustees provide the Fiscal Officer more support to get them the data they need to provide sound Fiscal Management.

#### Trustees' Response:

Trustees believe this problem could be resolved by the following:

1. Establish a policy that states all department permanent budgets will operate under 95% of the total found on the Certificate of Available Resources.
2. Trustees, and department managers be provided 24 hour/ read-only access to UAN by the Fiscal Officer.
3. Hold an end of the month meeting, after the 25th of every month, to assure that expenditures are under both appropriations and certificate of available resources.
4. The Trustees request proof from the Fiscal Officer has paid all invoices and bills and blanket/ super blankets by the end of each month.
5. Trustees be provided a "weekly" payment listing report from UAN, so Trustees and department manager can track expenditures and payment confirmation, on a week to week basis.

### FINDING NUMBER 2018-006

#### Noncompliance and Material Weakness – Allocation of Legal Fees

**Ohio Rev. Code § 309.09(B)(1)** states, in part, when the board of township trustees finds it advisable or necessary to have additional legal counsel, it may employ an attorney other than the township law director or the prosecuting attorney of the county, either for a particular matter or on an annual basis, to represent the township and its officers, boards, and commissions in their official capacities and to advise them on legal matters. No such legal counsel may be employed, except on the order of the board of township trustees, duly entered upon its journal, in which the compensation to be paid for the legal services shall be fixed. The compensation shall be paid from the township fund. Further, **Ohio Rev. Code § 505.62** states, a board of township trustees may enter into a contract with, and may appropriate township general revenue fund moneys for the services of, an attorney to represent the township, expert witnesses, and other consultants as the board determines are necessary for any potential or pending annexation action, including proceedings before a board of county commissioners or any court. The board also may appropriate general revenue fund moneys for any other expenses it considers necessary that are related to any potential or pending annexation actions.

**FINDING NUMBER 2018-006  
(Continued)**

The Township employed an attorney other than the Montgomery County Prosecuting Attorney during 2018. The Township allocated \$5,711 and \$1,000, respectively, of attorney fees to the Road and Bridge (Special Revenue) and Permissive Motor Vehicle License Tax (Special Revenue) funds rather than allocating the fees to the General fund as required by the Ohio Revised Code. As a result, public works disbursements were overstated and cash was understated by \$5,711 and \$1,000 in the Road and Bridge (Special Revenue) and Permissive Motor Vehicle License Tax (Special Revenue) funds, respectively. Additionally, cash was overstated and general government disbursements were understated by \$6,711 in the General Fund. These errors have been adjusted in the accompanying financial statements and the Township's accounting system.

Policies and procedures should be developed and implemented to verify that all expenditures are posted in the proper funds. The Township should review postings each month and again at the end of the fiscal year to verify that all amounts are classified and posted correctly. Failure to do so could result in financial statement users basing their decisions on materially misstated information.

**Fiscal Officer's Response:**

The Fiscal Officer provides eight (8) reports from UAN twice a month to all department including the Trustees and Administrator. The Fiscal Officer also asks at every meeting during her financial report whether there are any questions or any other information they need, there are none voiced to the Fiscal Officer. Additional reports are also provided upon request throughout the month.

It is suggested the Trustees provide the Fiscal Officer more support to get them the data they need to provide sound Fiscal Management.

**Trustees' Response:**

Trustees will request a weekly payment ledger be produced by the Fiscal Officer and provide Trustees and Department Managers with UAN Access, read only, 24 hours per day/ 7 days per week.

Trustees request a special monthly meeting with the Fiscal Officer on the 25th of each month, to be updated on the end of the month finances.

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# JEFFERSON TOWNSHIP

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS December 31, 2018, 2017 and 2016

Finding Number	Finding Summary	Status	Additional Information
2015-001	The township performed various adjustments on the monthly bank to book reconciliation from 2013, 2014 and 2015 to balance the books on December 31, 2015. In 2016, the township corrected its UAN for all these errors.	Fully Corrected	The current Fiscal Officer discovered several issues and attempted to make adjustments to correct the books from the past Fiscal Officers' bookkeeping mistakes. After the 2016 audit was completed, adjustments were made in UAN to correct these errors.
2015-002	The Official Estimated Resources Certificate and it subsequent Amended Certificates as well as the approve appropriation measures did not match the UAN entries.	Partially Corrected	<p><b>Fiscal Officer's Response:</b> Prior incorrect budgeting practices have not yet been fully corrected, leading to the recurrence of the issues noted in this comment.</p> <p>The corrective action plan is for the fiscal officer, administrator, and Trustees to continue to obtain education on proper budgeting procedures and to establish and implement processes to verify that approved amounts are properly and timely entered into the accounting system.</p> <p><b>Trustee's Response:</b> Additionally, the Township is implementing processes to have budget appropriations done well before year-end.</p>
2015-003	The township's Fiscal Officer did not correctly record the financial activities in UAN. This resulted in numerous reclassifications and adjustments.	Not Corrected	<p><b>Fiscal Officer's Response:</b> Prior incorrect posting practices have not yet been corrected, leading to the recurrence of the issues noted in this comment.</p> <p>The corrective action plan is for the fiscal officer, to continue to obtain education on proper accounting procedures and to implement proper processes to ensure that information is properly and timely entered into the accounting system by fund and line item.</p> <p><b>Trustee's Response:</b> Additionally, the Township Trustees will make every effort to monitor and correct internal processes and errors.</p>

2015-004	The Township is not properly certifying disbursements.	Not Corrected	<p><b>Fiscal Officer's Response:</b> The certification process is not correctly implemented. Only one department in the township is following a process of certification. There is still a learning curve on the correct certification to use.</p> <p>The corrective action plan is for the fiscal officer to implement proper encumbering procedures, following proper budgetary guidelines, and for all departments in the Township to utilize proper purchase order procedures for all disbursements. All management and staff of the Township, including the fiscal officer, administrator, Trustees, and department heads, should obtain proper training on the use of purchase order certifications, and should implement these procedures to ensure that disbursements are properly certified prior to payment.</p> <p><b>Trustee's Response:</b> Additionally, the Township Trustees will implement controls and procedures at their level to check the progress of the updates related to the proper encumbering and budgetary guidelines.</p>
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# OHIO AUDITOR OF STATE KEITH FABER



**JEFFERSON TOWNSHIP**

**HIGHLAND 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  
DECEMBER 24, 2019**