



**Mary Taylor, CPA**  
Auditor of State



**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

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FRANKLIN COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Jefferson Township  
Franklin County  
6545 Havens Road  
Blacklick, Ohio 43004

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities each major fund, and the aggregate remaining fund information of Jefferson Township, Franklin County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Government because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson Township, Franklin County, Ohio, as of December 31, 2008 and 2007, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Fire, and Road and Bridge Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 25, 2009

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
UNAUDITED**

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This discussion and analysis of Jefferson Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2008 and 2007, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2008 and 2007 are as follows:

Net assets of Township activities increased \$334,506, or 13.6 percent from 2006 to 2007 and increased \$244,381, or 8.7% from 2007 to 2008. The fund most affected by the increase in cash and cash equivalents was the Fire Fund due to increased tax revenue as development within the Township increased.

The Township's general receipts are primarily property taxes. These receipts represent respectively \$3,032,783 and 65% percent for 2008 and \$2,871,808 or 63% for 2007 of the total cash received for governmental activities during that year. Property tax receipts for 2008 increased compared to 2007 as development within the Township increased.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
UNAUDITED**

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**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2008 and 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

The Statement of Net Assets and the Statement of Activities present governmental activities, which includes all of the Township services. The Township has no business type activities.

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into two categories: governmental and fiduciary.

**Governmental Funds** - Most of the Township's activities are reported in Governmental funds. The Governmental fund financial statements provide a detailed view of the Township's Governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant Governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major Governmental funds are the General Fund, the Road and Bridge Fund (2007 only), and the Fire Fund. The programs reported in Governmental funds are the same as those reported in Governmental activities.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the Government-wide financial statements because the resources of these funds are not available to support its programs. The Township's Agency fund accounts for maintenance and construction bonds for real estate development and construction of multi and single family homes.

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
UNAUDITED**

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**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2008 and 2007 compared to 2006 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities		
	2008	2007	2006
<b>Assets</b>			
Cash and Cash Equivalents	\$3,036,155	\$2,791,774	\$2,457,268
Total Assets	\$3,036,155	\$2,791,774	\$2,457,268
<b>Net Assets</b>			
Restricted for:			
Capital Outlay	\$11,183	\$11,183	\$11,183
Debt Service	41,816	56,443	91,051
Other Purposes	2,511,092	2,124,367	1,480,401
Unrestricted	472,064	599,781	874,633
Total Net Assets	\$3,036,155	\$2,791,774	\$2,457,268

As mentioned previously, net assets of governmental activities increased \$344,506, or 13.6% from 2006 to 2007 and increased \$244,381, or 8.7% from 2007 to 2008. The primary reasons contributing to the increases in cash balances are as follows:

- Property tax receipts are up significantly compared to what they were in 2006 (up \$257,892 from 2006 to 2007, and up \$160,974 from 2007 to 2008).
- Spending is also up from 2006 levels, however, the township continues to spend less than it collects in receipts.

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
UNAUDITED**

Table 2 reflects the changes in net assets on a cash basis in 2008, 2007, and 2006 for governmental activities.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities		
	2008	2007	2006
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$504,899	\$534,495	\$571,077
Operating Grants and Contributions	218,544	159,956	191,917
Total Program Receipts	<u>723,443</u>	<u>694,451</u>	<u>762,994</u>
General Receipts:			
Property Taxes	3,032,783	2,871,807	2,613,916
Other Taxes	479	10,833	11,247
Grants and Entitlements	711,432	653,433	579,896
Earnings on Investments	89,324	180,413	147,756
Miscellaneous	83,564	158,211	57,617
Total General Receipts	<u>3,917,582</u>	<u>3,874,697</u>	<u>3,410,432</u>
Total Receipts	<u>4,641,025</u>	<u>4,569,148</u>	<u>4,173,426</u>
Disbursements:			
General Government	1,085,250	1,048,717	917,412
Public Safety	2,294,207	1,924,458	1,775,364
Public Works	681,467	864,423	488,958
Health	25,506	22,388	21,753
Conservation Recreation	110,776	61,499	47,157
Other	0	40,000	55,743
Capital Outlay	39,746	16,710	36,356
Principal	80,639	171,778	156,498
Interest	79,053	84,669	91,418
Total Disbursements	<u>4,396,644</u>	<u>4,234,642</u>	<u>3,590,659</u>
Excess (Deficiency) Before Transfers	244,381	334,506	582,767
Transfers	0	0	860
Increase (Decrease) in Net Assets	<u>244,381</u>	<u>334,506</u>	<u>583,627</u>
Net Assets, January 1	<u>2,791,774</u>	<u>2,457,268</u>	<u>1,873,641</u>
Net Assets, December 31	<u>\$3,036,155</u>	<u>\$2,791,774</u>	<u>\$2,457,268</u>

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
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Program receipts represent only 16% in 2008, 15% in 2007 and 18% in 2006 of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and third party charges to insurers for emergency medical services.

General receipts represent 84% in 2008, 85% in 2007 and 82% in 2006 of total receipts, and of this amount, over 89% in 2008, 85% 2007 and 77% in 2006 are property taxes. State and federal grants and entitlements made up 7%, 6%, and 17% respectively of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the board of trustees, administrator, and fiscal officer, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to a small percentage of General Fund unrestricted receipts.

Public Safety is the cost of emergency medical services and fire protection. Conservation-Recreation is the costs of maintaining the parks. Public Works is the cost of maintaining the roads.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for Governmental activities are for public safety and public works, which account for 52 and 45 percent of all Governmental disbursements, respectively. General Government also represents a significant cost, about 25 percent. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
General Government	1,085,250	766,112	1,048,717	\$705,759
Public Safety	2,294,207	2,091,180	1,924,458	1,724,700
Public Works	681,467	480,989	864,423	717,788
Health	25,506	24,706	22,388	17,288
Conservation Recreation	110,776	110,776	61,498	61,499
Other	0	0	40,000	40,000
Capital Outlay	39,746	39,746	16,710	16,710
Principal	80,639	80,639	171,778	171,778
Interest	79,053	79,053	84,669	84,669
<b>Total Disbursements</b>	<b>\$4,396,644</b>	<b>\$3,673,201</b>	<b>\$4,234,641</b>	<b>\$3,540,191</b>

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
UNAUDITED**

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The dependence upon property tax receipts is apparent as over 75 and 72 percent for 2008 and 2007, respectively, of governmental activities are supported through these general receipts.

**The Township's Funds**

Total Governmental funds had receipts of \$4,641,025 and disbursements of \$4,396,677 during 2008 and receipts of \$4,569,147 and disbursements of \$4,194,641 during 2007. The greatest change within Governmental funds occurred within the Fire Fund. The Fire Fund balance increased \$411,658 and \$572,731 respectively primarily as the result of increased property tax receipts.

The General Fund had a net change in fund balance of (\$127,717) during 2008 and (\$274,852) during 2007, indicating that the General Fund is operating at a deficit.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. One of the most significant budgeted funds is the General Fund.

During 2008 and 2007, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

During 2008 final disbursements were budgeted at \$1,163,246 while actual disbursements were \$972,227. The Township kept spending below budgeted amounts as demonstrated by the reported variances. The result is the increase in fund balance of \$156,831 for 2008.

During 2007 final disbursements were budgeted at \$1,163,964 while actual disbursements were \$892,549. The Township kept spending below budgeted amounts as demonstrated by the reported variances. The result is the decrease in fund balance of \$284,736 for 2007.

**Capital Assets and Debt Administration**

**Capital Assets**

The Township tracks its capital assets and reports annually to the Franklin County Engineer. It does not currently specifically track its infrastructure.

**Debt**

At December 31, 2008, the Township's outstanding debt included \$1,485,000 in general obligation bonds issued for improvements to buildings and structures, and \$22,382 in capital leases for facilities and equipment. For further information regarding the Township's debt, refer to Notes 9 and 10 to the basic financial statements.

**Current Issues**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Township relies heavily on property and local taxes and has little industry to support the tax base.

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
UNAUDITED**

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**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ken Jones, Fiscal Officer, Jefferson Township, 6545 Havens Road Blacklick, Ohio 43004.

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**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2008**

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$3,036,155
<i>Total Assets</i>	<u><u>\$3,036,155</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$11,183
Debt Service	41,816
Other Purposes	2,511,092
Unrestricted	472,064
<i>Total Net Assets</i>	<u><u>\$3,036,155</u></u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$1,085,250	\$310,871	\$8,267	(\$766,112)
Public Safety	2,294,207	193,228	9,799	(2,091,180)
Public Works	681,467	0	200,478	(480,989)
Health	25,506	800	0	(24,706)
Conservation-Recreation	110,776	0	0	(110,776)
Capital Outlay	39,746	0	0	(39,746)
Debt Service:				
Principal	80,639	0	0	(80,639)
Interest	79,053	0	0	(79,053)
<b>Total Governmental Activities</b>	<b>4,396,644</b>	<b>504,899</b>	<b>218,544</b>	<b>(3,673,201)</b>
<b>General Receipts</b>				
Property Taxes				
General				218,522
Fire				2,404,132
Other				410,129
Other Taxes				479
Grants and Entitlements not Restricted to Specific Programs				711,432
Earnings on Investments				89,324
Miscellaneous				83,564
<b>Total General Receipts</b>				<b>3,917,582</b>
Change in Net Assets				244,381
<b>Net Assets Beginning of Year</b>				<b>2,791,774</b>
<b>Net Assets End of Year</b>				<b>\$3,036,155</b>

See accompanying notes to the basic financial statements

JEFFERSON TOWNSHIP  
FRANKLIN COUNTY

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2008**

	GENERAL	FIRE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$472,064	\$2,181,174	\$382,917	\$3,036,155
<i>Total Assets</i>	<u>\$472,064</u>	<u>\$2,181,174</u>	<u>\$382,917</u>	<u>\$3,036,155</u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	\$13,199	\$254,827	\$24,787	\$292,813
Unreserved:				
Undesignated Reported in:				
General Fund	\$458,865	\$0	\$0	\$458,865
Special Revenue Funds	0	1,926,347	305,131	2,231,478
Debt Service Fund	0	0	41,816	41,816
Capital Projects Funds	0	0	11,183	11,183
<i>Total Fund Balances</i>	<u>\$472,064</u>	<u>\$2,181,174</u>	<u>\$382,917</u>	<u>\$3,036,155</u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	GENERAL	FIRE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>				
Property and Other Local Taxes	\$218,522	\$2,404,132	\$410,129	\$3,032,783
Licenses, Permits and Fees	266,667	193,229	31,228	491,124
Intergovernmental	292,586	368,419	268,971	929,976
Special Assessments	0	0	479	479
Earnings on Investments	87,577	0	1,747	89,324
Miscellaneous	15,959	3,233	78,147	97,339
<b>Total Receipts</b>	<b>881,311</b>	<b>2,969,013</b>	<b>790,701</b>	<b>4,641,025</b>
<b>Disbursements</b>				
Current:				
General Government	829,494	255,756	0	1,085,250
Public Safety	0	2,294,207	0	2,294,207
Public Works	15,998	0	665,469	681,467
Health	2,760	0	22,746	25,506
Conservation-Recreation	110,776	0	0	110,776
Capital Outlay	0	7,392	32,354	39,746
Debt Service:				
Principal Retirement	0	0	80,639	80,639
Interest and Fiscal Charges	0	0	79,053	79,053
<b>Total Disbursements</b>	<b>959,028</b>	<b>2,557,355</b>	<b>880,261</b>	<b>4,396,644</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>(77,717)</b>	<b>411,658</b>	<b>(89,560)</b>	<b>244,381</b>
Other Financing Sources (Uses)				
Transfers In	0	0	50,000	50,000
Transfers Out	(50,000)	0	0	(50,000)
Advances In	25,000	0	25,000	50,000
Advances Out	(25,000)	0	(25,000)	(50,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(50,000)</b>	<b>0</b>	<b>50,000</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>(127,717)</b>	<b>411,658</b>	<b>(39,560)</b>	<b>244,381</b>
<b>Fund Balances Beginning of Year</b>	<b>599,781</b>	<b>1,769,516</b>	<b>422,477</b>	<b>2,791,774</b>
<b>Fund Balances End of Year</b>	<b>\$472,064</b>	<b>\$2,181,174</b>	<b>\$382,917</b>	<b>\$3,036,155</b>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$199,500	\$209,459	\$218,522	\$9,063
Licenses, Permits and Fees	274,000	252,020	266,667	14,647
Intergovernmental	181,100	289,379	292,586	3,207
Earnings on Investments	160,000	80,000	87,577	7,577
Miscellaneous	94,000	14,000	15,959	1,959
<i>Total receipts</i>	<u>908,600</u>	<u>844,858</u>	<u>881,311</u>	<u>36,453</u>
<b>Disbursements</b>				
Current:				
General Government	900,000	992,145	829,494	162,651
Public Works	15,998	15,998	15,998	0
Health	3,682	3,682	2,760	922
Conservation-Recreation	151,421	151,421	123,975	27,446
<i>Total Disbursements</i>	<u>1,071,101</u>	<u>1,163,246</u>	<u>972,227</u>	<u>191,019</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(162,501)</u>	<u>(318,388)</u>	<u>(90,916)</u>	<u>227,472</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	0	(50,000)	(50,000)	0
Advances In	0	0	25,000	25,000
Advances Out	(3,000)	(28,000)	(25,000)	3,000
Other Financing Sources	0	5,365	0	(5,365)
Other Financing Uses	(100,000)	(100,000)	0	100,000
<i>Total Other Financing Sources (Uses)</i>	<u>(103,000)</u>	<u>(172,635)</u>	<u>(50,000)</u>	<u>122,635</u>
<i>Net Change in Fund Balance</i>	(265,501)	(491,023)	(140,916)	350,107
<i>Unencumbered Cash Balance Beginning of Year</i>	589,896	589,896	589,896	0
Prior Year Encumbrances Appropriated	9,885	9,885	9,885	0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$334,280</u>	<u>\$108,758</u>	<u>\$458,865</u>	<u>\$350,107</u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
FIRE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$2,405,300	\$2,383,474	\$2,404,132	\$20,658
Licenses, Permits and Fees	180,000	160,000	193,229	33,229
Intergovernmental	340,000	427,632	368,419	(59,213)
Miscellaneous	5,000	8,233	3,233	(5,000)
<i>Total receipts</i>	<u>2,930,300</u>	<u>2,979,339</u>	<u>2,969,013</u>	<u>(10,326)</u>
<b>Disbursements</b>				
Current:				
General Government	292,907	300,107	255,756	44,351
Public Safety	2,420,030	2,561,130	2,304,459	256,671
Capital Outlay	79,000	269,000	251,967	17,033
Debt Service:				
Principal Retirement	82,000	82,000	0	82,000
Interest and Fiscal Charges	5,000	5,000	0	5,000
<i>Total Disbursements</i>	<u>2,878,937</u>	<u>3,217,237</u>	<u>2,812,182</u>	<u>405,055</u>
<i>Net Change in Fund Balance</i>	51,363	(237,898)	156,831	394,729
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>1,769,516</u>	<u>1,769,516</u>	<u>1,769,516</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u><u>\$1,820,879</u></u>	<u><u>\$1,531,618</u></u>	<u><u>\$1,926,347</u></u>	<u><u>\$394,729</u></u>

See accompanying notes to the basic financial statements

JEFFERSON TOWNSHIP  
FRANKLIN COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
AGENCY FUND  
DECEMBER 31, 2008

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$401,426
<i>Total Assets</i>	<u><u>\$401,426</u></u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$401,426</u></u>
<i>Total Net Assets</i>	<u><u>\$401,426</u></u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2007**

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,791,774
<i>Total Assets</i>	<u><u>\$2,791,774</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$11,183
Debt Service	56,443
Other Purposes	2,124,367
Unrestricted	599,781
<i>Total Net Assets</i>	<u><u>\$2,791,774</u></u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$1,048,717	\$329,637	\$13,321	(\$705,759)
Public Safety	1,924,458	199,758	0	(1,724,700)
Public Works	864,423	0	146,635	(717,788)
Health	22,388	5,100	0	(17,288)
Conservation-Recreation	61,499	0	0	(61,499)
Other	40,000	0	0	(40,000)
Capital Outlay	16,710	0	0	(16,710)
Debt Service:				
Principal	171,778	0	0	(171,778)
Interest	84,669	0	0	(84,669)
<b>Total Governmental Activities</b>	<b>4,234,642</b>	<b>534,495</b>	<b>159,956</b>	<b>(3,540,191)</b>
<b>General Receipts</b>				
Property Taxes levied for:				
General				202,608
Fire				2,285,703
Road and Bridge				200,696
Other				182,800
Other Taxes				10,833
Grants and Entitlements not Restricted to Specific Programs				653,433
Earnings on Investments				180,413
Miscellaneous				158,211
<b>Total General Receipts</b>				<b>3,874,697</b>
Change in Net Assets				334,506
<b>Net Assets Beginning of Year</b>				<b>2,457,268</b>
<b>Net Assets End of Year</b>				<b>\$2,791,774</b>

See accompanying notes to the basic financial statements

JEFFERSON TOWNSHIP  
FRANKLIN COUNTY

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2007**

	GENERAL	FIRE	ROAD AND BRIDGE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$599,781	\$1,769,516	\$185,626	\$236,851	\$2,791,774
<i>Total Assets</i>	<u>\$599,781</u>	<u>\$1,769,516</u>	<u>\$185,626</u>	<u>\$236,851</u>	<u>\$2,791,774</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$9,885	\$0	\$61,000	\$0	\$70,885
Unreserved:					
Undesignated, Reported in:					
General Fund	589,896	0	0	0	589,896
Special Revenue Funds	0	1,769,516	124,626	169,225	2,063,367
Debt Service Fund	0	0	0	56,443	56,443
Capital Projects Funds	0	0	0	11,183	11,183
<i>Total Fund Balances</i>	<u>\$599,781</u>	<u>\$1,769,516</u>	<u>\$185,626</u>	<u>\$236,851</u>	<u>\$2,791,774</u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	GENERAL	FIRE	ROAD AND BRIDGE	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>					
Property and Other Local Taxes	\$202,608	\$2,285,703	\$200,696	\$182,800	\$2,871,807
Licenses, Permits and Fees	266,431	199,758	49,000	5,977	521,166
Intergovernmental	276,720	338,268	28,483	169,918	813,389
Special Assessments	0	0	0	10,833	10,833
Earnings on Investments	178,502	0	0	1,911	180,413
Miscellaneous	11,552	4,899	143,217	11,872	171,540
<b>Total Receipts</b>	<b>935,813</b>	<b>2,828,628</b>	<b>421,396</b>	<b>383,311</b>	<b>4,569,148</b>
<b>Disbursements</b>					
Current:					
General Government	802,890	245,827	0	0	1,048,717
Public Safety	0	1,924,458	0	0	1,924,458
Public Works	15,562	0	619,831	229,030	864,423
Health	2,714	0	0	19,674	22,388
Conservation-Recreation	61,499	0	0	0	61,499
Capital Outlay	0	15,469	0	1,241	16,710
Debt Service:					
Principal Retirement	0	68,626	23,448	79,704	171,778
Interest and Fiscal Charges	0	1,516	0	83,153	84,669
<b>Total Disbursements</b>	<b>882,665</b>	<b>2,255,896</b>	<b>643,279</b>	<b>412,802</b>	<b>4,194,642</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>53,148</b>	<b>572,732</b>	<b>(221,883)</b>	<b>(29,491)</b>	<b>374,506</b>
Other Financing Sources (Uses)					
Transfers In	0	0	250,000	38,000	288,000
Transfers Out	(288,000)	0	0	0	(288,000)
Other Financing Uses	(40,000)	0	0	0	(40,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(328,000)</b>	<b>0</b>	<b>250,000</b>	<b>38,000</b>	<b>(40,000)</b>
<b>Net Change in Fund Balances</b>	<b>(274,852)</b>	<b>572,732</b>	<b>28,117</b>	<b>8,509</b>	<b>334,506</b>
<b>Fund Balances Beginning of Year</b>	<b>874,633</b>	<b>1,196,784</b>	<b>157,509</b>	<b>228,342</b>	<b>2,457,268</b>
<b>Fund Balances End of Year</b>	<b>\$599,781</b>	<b>\$1,769,516</b>	<b>\$185,626</b>	<b>\$236,851</b>	<b>\$2,791,774</b>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$188,792	\$198,526	\$202,608	\$4,082
Licenses, Permits and Fees	250,000	250,000	266,431	16,431
Intergovernmental	197,744	265,038	276,720	11,682
Earnings on Investments	155,000	155,000	178,502	23,502
Miscellaneous	212,000	204,435	11,552	(192,883)
<i>Total receipts</i>	<u>1,003,536</u>	<u>1,072,999</u>	<u>935,813</u>	<u>(137,186)</u>
<b>Disbursements</b>				
Current:				
General Government	905,897	979,459	802,890	176,569
Public Works	15,562	15,562	15,562	0
Health	3,640	3,640	2,714	926
Conservation-Recreation	165,303	165,303	71,383	93,920
<i>Total Disbursements</i>	<u>1,090,402</u>	<u>1,163,964</u>	<u>892,549</u>	<u>271,415</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(86,866)</u>	<u>(90,965)</u>	<u>43,264</u>	<u>134,229</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(265,000)	(288,000)	(288,000)	0
Advances Out	(3,000)	(3,000)	0	3,000
Other Financing Uses	(100,000)	(100,000)	(40,000)	60,000
<i>Total Other Financing Sources (Uses)</i>	<u>(368,000)</u>	<u>(391,000)</u>	<u>(328,000)</u>	<u>63,000</u>
<i>Net Change in Fund Balance</i>	(454,866)	(481,965)	(284,736)	197,229
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>874,633</u>	<u>874,633</u>	<u>874,633</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$419,767</u>	<u>\$392,668</u>	<u>\$589,897</u>	<u>\$197,229</u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
FIRE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$2,082,254	\$2,249,939	\$2,285,703	(\$35,764)
Licenses, Permits and Fees	170,000	205,079	199,758	(\$5,321)
Intergovernmental	313,390	313,390.0	338,268	\$24,878
Miscellaneous	5,000	5,000	4,899	(\$101)
<i>Total receipts</i>	<u>2,570,644</u>	<u>2,773,408</u>	<u>2,828,628</u>	<u>(16,308.00)</u>
<b>Disbursements</b>				
Current:				
General Government	255,714	265,714	245,827	19,887
Public Safety	2,205,200	2,248,800	1,924,458	324,342
Capital Outlay	122,000	122,000	15,469	106,531
Debt Service:				
Principal Retirement	82,000	82,000	68,626	13,374
Interest and Fiscal Charges	4,100	4,100	1,516	2,584
<i>Total Disbursements</i>	<u>2,669,014</u>	<u>2,722,614</u>	<u>2,255,896</u>	<u>466,718</u>
<i>Net Change in Fund Balance</i>	(98,370)	50,794	572,732	450,410
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>1,196,784</u>	<u>1,196,784</u>	<u>1,196,784</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$1,098,414</u>	<u>\$1,247,578</u>	<u>\$1,769,516</u>	<u>\$450,410</u>

See accompanying notes to the basic financial statements

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
ROAD AND BRIDGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$187,258	\$196,991	\$200,696	\$3,705
Licenses, Permits and Fees	60,000	60,847	49,000	(11,847)
Intergovernmental	23,133	23,133	28,483	5,350
Miscellaneous	8,500	148,996	143,217	(5,779)
<i>Total receipts</i>	<u>278,891</u>	<u>429,967</u>	<u>421,396</u>	<u>(8,571)</u>
<b>Disbursements</b>				
Current:				
Public Works	528,361	731,356	680,831	50,526
Debt Service:				
Principal Retirement	25,000	25,000	23,448	1,552
Interest and Fiscal Charges	3,400	3,400	0	3,400
<i>Total Disbursements</i>	<u>556,761</u>	<u>759,756</u>	<u>704,279</u>	<u>55,478</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(277,870)</u>	<u>(329,789)</u>	<u>(282,883)</u>	<u>46,907</u>
<b>Other Financing Sources</b>				
Transfers In	250,000	250,000	250,000	0
<i>Total Other Financing Sources</i>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(27,870)	(79,789)	(32,883)	46,907
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>157,509</u>	<u>157,509</u>	<u>157,509</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$129,639</u>	<u>\$77,720</u>	<u>\$124,626</u>	<u>\$46,907</u>

See accompanying notes to the basic financial statements

JEFFERSON TOWNSHIP  
FRANKLIN COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
AGENCY FUND  
DECEMBER 31, 2007

	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$409,426
<i>Total Assets</i>	<u><u>\$409,426</u></u>
<b>Net Assets</b>	
Unrestricted	<u>409,426</u>
<i>Total Net Assets</i>	<u><u>\$409,426</u></u>

See accompanying notes to the basic financial statements

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**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

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**Note 1 – Reporting Entity**

Jefferson Township, Franklin County, Ohio (the Township), is a body politic and corporate established in 1816 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, fire protection, maintenance of Township roads and bridges, and cemetery maintenance.

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

**C. Public Entity Risk Pools**

The Township participates in one public entity risk pool, Ohio Township Association Risk Management Authority (OTARMA), a public risk pool who provides property and casualty coverage for its members. Note 6 to the financial statements provides additional information for this entity.

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

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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

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

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

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

A. Basis of Presentation (Continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Township has no business-type activities.

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

Fund Financial Statements

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

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into two categories, governmental and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's only major governmental funds are the General Fund, the Fire Fund, and the Road and Bridge Fund. The General Fund is used to account for all financial resources, except those required to be accounted for 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. The Fire Fund is used to account for revenues and expenditures that are related to the Township's fire department. The Road and Bridge Fund is used to account for revenues and expenditures that are related to the Township's road maintenance activities.

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

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**B. Fund Accounting** (continued)

**Fiduciary Funds**

The Township's only fiduciary fund is its Agency Fund. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township's Agency Fund accounts for maintenance and construction bonds for real estate development and construction of multi and single family homes.

**C. Basis of Accounting**

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

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

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**E. Cash and Investments**

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

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

During 2008, the Township invested in STAR Ohio, and maintained a checking account at National City Bank. During 2007, the Township maintained a checking account at National City Bank.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2008.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$178,502 and \$87,577 during 2008 respectively.

**F. Inventory and Prepaid Items**

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

**G. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Interfund Receivables/Payables**

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**I. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township’s cash basis of accounting.

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

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

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**K. Long-Term Obligations**

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Lease payments are reported when paid.

**L. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Township held no restricted net assets during 2008 and 2007.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**M. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. The Township had reserves of \$13,199 in the General Fund, and \$254,827 in the Fire Fund, and \$24,787 in the other governmental funds respectively at December 31, 2008. The Township had reserves of \$9,885 in the General Fund, and \$61,000 in the Fire Fund respectively at December 31, 2007.

**N. Interfund Transactions**

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

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and the fire fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). At the end of FY07 there were outstanding encumbrances of \$9,885 in the General Fund, and \$61,000 in the Fire Fund respectively. At the end of FY08 there were outstanding encumbrances of \$13,199 in the General Fund, \$254,827 in the Fire Fund, and \$24,787 in the remaining other governmental funds respectively.

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

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**Note 4 – Deposits and Investments**

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

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

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

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

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

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

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

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

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

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$218,775 and \$3,175,435 of the Township's bank balance of \$468,775 and \$3,275,435 for FY2008 and FY2007 respectively, was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2008 the Township had the following investment:

	12/31/2008 <u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	3,004,535	Average

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that they money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating system.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of the securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee"

Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The Township places no limit on the amount it may invest in any one issuer.

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

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**Note 5 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2007 (2008) for real and public utility property taxes represents collections of the 2006 (2007) taxes. Property tax payments received during 2007 (2008) for tangible personal property (other than public utility property) is for 2007 (2008) taxes.

2007 (2008) real property taxes are levied after October 1, 2007 (2008) on the assessed values as of January 1, 2007 (2008), the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 (2008) real property taxes are collected in and intended to finance 2008 (2009).

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

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 (2008) public utility property taxes which became a lien on December 31, 2006 (2007), are levied after October 1, 2007 (2008), and are collected in 2008 (2009) with real property taxes.

2007 (2008) tangible property taxes are levied after October 1, 2006 (2007), on the value as of December 31, 2006 (2007). Collections are made in 2007 (2008). Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This was reduced to 6.25 percent for 2008, and will be zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the year ended December 31, 2007 (2008), was \$6.37 (\$6.41) per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 (2008) property tax receipts were based are as follows:

	2007	2008
Real Property	\$423,650,810	\$452,690,950
Public Utility Property	\$9,471,080	\$8,569,520
Tangible Personal Property	\$9,792,530	\$6,150,636
Total Assessed Values	\$442,914,420	\$467,411,106

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

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

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**Note 6 – Risk Management**

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage**

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

**Property Coverage**

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

**Note 6 – Risk Management (Continued)**

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available): .

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	(13,357,837)	(12,120,661)
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township’s share of these unpaid claims collectible in future years is approximately \$37,409. This payable includes the subsequent year’s contribution due if the Township terminates participation, as described in the last paragraph below.

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>Contributions to OTARMA</u></b>	
2006	\$41,090
2007	\$38,625
2008	\$39,797

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s budgetary 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.

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

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**Note 7 – Defined Benefit Pension Plan**

**A. Ohio Public Employees Retirement System**

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008 and 2007, members in state and local classifications contributed 10 percent and 9.5 percent respectively of covered payroll.

The Township's contribution rate for 2008 and 2007 was 14 percent and 13.85 percent respectively except for those plan members in law enforcement or public safety, for whom the Township's contribution rate was 17.4 percent and 17.17 percent respectively of covered payroll. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$135,809, \$115,498, and \$73,698 respectively. The full amount has been contributed for 2008, 2007 and 2006.

**B. Ohio Police and Fire Pension Fund**

Plan Description - The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

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**Note 7 – Defined Benefit Pension Plan (Continued)**

**B. Ohio Police and Fire Pension Fund (continued)**

required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are established by State statute. The Township's contributions to OP&F for firefighters were \$325,813 for the year ended December 31, 2008, \$286,024 for the year ended December 31, 2007 and \$188,352 for the year ended December 31, 2006. The full amount has been contributed for 2008, 2007 and 2006.

**Note 8 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008 and 2007, local government employers contributed 14 and 13.85 percent respectively of covered payroll (17.4 and 17.17 percent for public safety and law enforcement). Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits.

The Traditional Pension Plan and Combined Plans had 363,503 active contributing participants as of December 31, 2008. The number of active contributing participants for both plans used in the December 31, 2007, actuarial valuation was 364,076.

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

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**Note 8 - Postemployment Benefits (Continued)**

The rates stated above, are the contractually required contribution rates for OPERS. As part of this disclosure, it will be necessary for the employer to disclose the employer contributions actually made to fund post-employment benefits. The portion of your employer contributions that were used to fund post-employment benefits can be approximated by multiplying actual employer contributions for January 1 through December 31, 2008 by 0.5000 for state and local employers.

The amount of \$12.8 billion represents the actuarial funding value of OPERS net assets available for OPEB at December 31, 2007 (the latest information available).

Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2007 (the latest information available, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB at \$29.8 billion and \$17.0 billion, respectively.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

**B. Ohio Police and Fire Pension Fund**

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

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority of the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5146.

Funding Policy – OP&F's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401 (h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan, members, currently, 24 percent of covered payroll for fire employers.

**JEFFERSON TOWNSHIP  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

**Note 8 - Postemployment Benefits (Continued)**

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401 (h) account as the employer contribution for retiree healthcare benefits. For the years ended December 31, 2008 and 2007, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll for each year. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401 (h).

The number of participants eligible to receive health care benefits as of 12/31/07, the date of the last actuarial valuation available, are 14,295 for Police and 10,583 for Firefighters.

OP&F's total health care expense for the year ended 12/31/07, the date of the last actuarial valuation available, was \$93,205,319, which was net of member contributions of \$56,031,875.

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Township's contributions to OP&F which were allocated to fund postemployment healthcare benefits for firefighters were \$97,406 for the year ended December 31, 2008, \$80,373 for the year ended December 31, 2007, and \$60,838 for the year ended December 31, 2006. The full amount has been contributed for 2008, 2007, and 2006.

**Note 9 – Debt**

The Township's long-term debt activity for the year ended December 31, 2008, was as follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008	Due Within One Year
<u>Governmental Activities</u>						
Fire Station & Equipment Series A (\$950,000)	various	\$770,000	\$0	\$30,000	\$740,000	\$35,000
Fire Station & Equipment Series B (\$950,000)	various	\$775,000	\$0	\$30,000	\$745,000	\$35,000
Total		<u>\$1,545,000</u>	<u>\$0</u>	<u>\$60,000</u>	<u>\$1,485,000</u>	<u>\$70,000</u>

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
Fire Station & Equipment Series A (\$950,000)	various	\$800,000	\$0	\$30,000	\$770,000	\$30,000
Fire Station & Equipment Series B (\$950,000)	various	\$805,000	\$0	\$30,000	\$775,000	\$30,000
Total		<u>\$1,605,000</u>	<u>\$0</u>	<u>\$60,000</u>	<u>\$1,545,000</u>	<u>\$60,000</u>

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

**Note 9 – Debt (Continued)**

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

The following is a summary of the Township's future annual debt service requirements:

Year	G.O. Bonds	
	Principal	Interest
2009	\$70,000	\$74,385
2010	\$80,000	\$70,955
2011	\$80,000	\$67,015
2012	\$90,000	\$63,055
2013	\$95,000	\$58,578
2014–2018	\$600,000	\$214,045
2019–2023	\$470,000	\$48,215
Totals	\$1,485,000	\$596,248

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2008, were an overall debt margin of \$47,535,991 and an unvoted debt margin of \$24,899,805.

**Note 10 – Leases**

The Township leases vehicles under noncancelable leases. The Township disbursed \$92,524 during 2007 and \$22,382 during 2008 to pay lease costs of which \$88,330 and \$20,639 was for principal respectively. Future lease payments are as follows:

Year	Amount
2009	\$22,382
Total	\$22,382

**Note 11 – Interfund Transfers**

During 2008 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	\$50,000
Total Transfers from the General Fund	\$50,000

During 2007 the following transfers were made:

Transfers from the General Fund to:	
Road and Bridge Fund	\$250,000
Other Governmental Funds	\$38,000
Total Transfers from the General Fund	\$288,000

JEFFERSON TOWNSHIP  
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)

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**Note 11 – Interfund Transfers (Continued)**

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 12 – Contingent Liabilities**

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

**Note 13 – Subsequent Events**

The Township purchased a new ambulance at a cost of \$189,980 in March 2009. A four year loan with an interest rate of approximately 5% was secured by the Township which will be paid for in subsequent years.



# Mary Taylor, CPA

Auditor of State

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

Jefferson Township  
Franklin County  
6545 Havens Road  
Columbus, Ohio 43004

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson Township, Franklin County, Ohio (the Township) as of and for the years ended December 31, 2008, and 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 25, 2009, wherein, we noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe finding number 2008-001 is also a material weakness.

### **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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, and the Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

June 25, 2009

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-001**

**Significant Deficiency/ Material Weakness- Financial Statement Presentation**

**Financial Statement Presentation**

A monitoring system by the Fiscal Officer should be in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements.

The Fiscal Officer did not always accurately post revenues to the Township's ledgers. The following posting errors were noted:

- Program Revenues – Items were classified as General Receipts – Property Taxes, but should have been classified as General Receipts – Grants & Entitlements in both 2007 (\$418,667) and 2008 (\$456,543). These amounts were material and reclassifications to the financial statements were made to correct them.
- Program Revenues – Items were classified as Charges for Services - Other, but should have been classified as Charges for Services – General Government in both 2007 (\$274,660) and 2008 (\$279,644). These amounts were material and reclassifications to the financial statements were made to correct them.
- Program Revenues – In 2007, \$1,911 was classified as General Receipts – General Receipts – Earnings on Investments, but should have been classified as Program Revenues – Operating Grants and Contributions. This amount was not material and was not adjusted.
- Intergovernmental Receipts were posted as Property and Other Local Tax Receipts. These amounts were not material and were not adjusted.
  - 2008
    - GTA - \$80,972
    - General Fund - \$10,837
    - Fire Fund - \$66,999
    - RFI - \$3,136
  - 2007
    - GTA/Fire Fund - \$13,068
- Miscellaneous Receipts were posted as Intergovernmental Receipts. These amounts were not material and were not adjusted.
  - 2008
    - GTA/General Fund - \$4,413
  - 2007
    - GTA/General Fund - \$12,225
- Disbursements- In 2007 \$23,448 was classified as Debt Service - Principal Retirement, but should have been classified as Capital Outlay. This amount was not material and was not adjusted.

Not posting revenues and disbursements accurately to the ledgers resulted in the financial statements requiring four audit reclassification entries.

**JEFFERSON TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2008-001 (Continued)**

**Significant Deficiency/ Material Weakness- Financial Statement Presentation (Continued)**

We recommend the Township's Fiscal Officer take steps to ensure the accurate posting of program revenue, tax revenue, intergovernmental revenue, and all disbursements. Cash receipts and disbursements should be posted in accordance with procedures and guidelines established in the Uniform Accounting Network line item descriptions. By exercising accuracy in recording financial activity, the Township Trustees will have accurate financial data to assist them in making financial decisions throughout the year.

**Officials' Response:**

We will pay particular attention to the proper recording of such revenue going forward.

JEFFERSON TOWNSHIP  
FRANKLIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	Entering Financial Data into the Accounting System	Yes	





Mary Taylor, CPA  
Auditor of State

**JEFFERSON TOWNSHIP**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 5, 2009**