

**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO  
CASH BASIS FINANCIAL STATEMENTS**

*FOR THE YEAR ENDED  
DECEMBER 31, 2016*

**BUD ZAPPITELLI, FISCAL OFFICER**



**PLAIN TOWNSHIP**  
**BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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Accountant's Compilation Report

To the Board of Trustees  
Plain Township, Ohio

We have compiled the basic financial statements, as listed in the table of contents, for Plain Township (the "Township"), as of and for the fiscal year ended December 31, 2016, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The management's discussion and analysis, on pages 3 through 12 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

*Julian & Grube, Inc.*

February 22, 2017



**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(SEE ACCOUNTANT'S COMPILATION REPORT)

The management's discussion and analysis of Plain Township's (the "Township") financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2016 within the limitations of the Township's cash basis of accounting. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the cash-basis basic financial statements and the notes to the financial statements to enhance their understanding of the Township's financial performance.

**Financial Highlights**

Key financial highlights for 2016 are as follows:

- For 2016, the total net position of the Township increased \$563,160 or 9.24%.
- For 2016, general cash receipts accounted for \$7,568,174 or 86.12% of total governmental activities cash receipts, program specific cash receipts accounted for \$1,219,606 or 13.88% of total governmental activities.
- For 2016, the Township had \$8,224,620 in cash disbursements related to governmental activities; \$1,219,606 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$7,568,174 were adequate to provide for these programs.
- The Township's major funds are the general fund, the fire district fund and the gasoline tax fund. The general fund, one of the Township's major funds, had cash receipts of \$945,602 in 2016. The cash disbursements and other financing disbursements of the general fund, totaled \$992,286 in 2016. The general fund's fund balance decreased \$46,684 from 2015 to 2016.
- The fire district fund, a Township major fund, had cash receipts of \$6,452,753 in 2016. The fire district fund had cash disbursements and other financing disbursements of \$5,778,642 in 2016. The fire district fund balance increased \$674,111 from 2015 to 2016.
- The gasoline tax fund, a Township major fund, had cash receipts of \$92,577 in 2016. The gasoline tax fund had cash disbursements of \$24,491 in 2016. The gasoline tax fund balance increased \$68,086 from \$661,190 to \$729,276.

**Using this Cash Basis Basic Financial Statements (BFS)**

This cash basis annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Township's cash basis of accounting. The statement of net position - cash basis and statement of activities - cash basis provide information about the activities of the whole Township, presenting an aggregate view of the Township's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Township's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Township, there are three major governmental funds. The general fund, fire district fund and gasoline tax fund are the Township's major funds.

**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(SEE ACCOUNTANT'S COMPILATION REPORT)

**Reporting the Township as a Whole**

***Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis***

The statement of net position - cash basis and the statement of activities - cash basis answer the question, "How did we do financially during 2016?" These statements include only net position using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the Township's net position and changes in that position on a cash basis. This change in net position is important because it tells the reader that, for the Township as a whole, the cash basis financial position of the Township has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Township's property tax base, current property tax laws in Ohio, availability of Federal and State funding, facility conditions, mandated Federal and State programs and other factors.

As a result of the use of the cash basis of accounting, certain assets, deferred outflows and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities, deferred inflows and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net position- cash basis and the statement of activities - cash basis, the governmental activities include the Township's programs and services, including fire protection, road and bridge maintenance and repair, and ambulance services. The statement of net position - cash basis and the statement of activities - cash basis can be found on pages 13 and 14 of this report.

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

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township are classified as governmental or fiduciary funds.

Fund financial reports provide detailed information about the Township's major funds. The Township uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Township's most significant funds. The Township's major governmental funds are the general fund, fire district fund and gasoline tax fund. The analysis of the Township's major governmental funds begins on page 10.



**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(SEE ACCOUNTANT'S COMPILATION REPORT)

***Governmental Funds***

All of the Township's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Township programs. Since the Township is reporting on the cash basis of accounting, there are no differences in the net position and fund cash balances or changes in net position and changes in fund balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross receipts and disbursements on the fund financial statements to the statement of activities - cash basis due to transfers between governmental funds being eliminated for reporting in the statement of activities - cash basis. The governmental fund statements can be found on pages 15 and 16 of this report.

The Township's budgetary process accounts for transactions on the budgetary basis of accounting. The difference between the budgetary basis of accounting and the cash basis of accounting is that encumbrances at year-end are recorded as a disbursement on the budgetary basis of accounting whereas on the cash basis, the disbursement is only recorded when cash is paid. The budgetary statements for the general fund and the fire district fund are presented to demonstrate the Township's compliance with annually adopted budgets. The budgetary statements can be found on pages 17-19 of this report.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs. A private-purpose trust fund is the Township's only fiduciary fund type. The fiduciary fund financial statements can be found on pages 20 and 21 of this report.

***Notes to the Financial Statements***

The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-51 of this report.

**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(SEE ACCOUNTANT'S COMPILATION REPORT)

**Government-Wide Financial Analysis**

Recall that the statement of net position - cash basis provides the perspective of the Township as a whole. The table below provides a summary of the Township's net position at December 31, 2016 and 2015.

	Net Position	
	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Equity in pooled cash and investments	\$ 6,658,178	\$ 6,095,018
Total assets	<u>6,658,178</u>	<u>6,095,018</u>
<u>Net cash position</u>		
Restricted	3,787,604	3,066,084
Unrestricted	<u>2,870,574</u>	<u>3,028,934</u>
Total net cash position	<u>\$ 6,658,178</u>	<u>\$ 6,095,018</u>

For 2016, net position of the Township increased \$563,160 or 9.24%. The balance of government-wide unrestricted net cash position of \$2,870,574 at December 31, 2016 may be used to meet the government's ongoing obligations to citizens and creditors.

**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(SEE ACCOUNTANT'S COMPILATION REPORT)

The table below shows the changes in net position for years 2016 and 2015.

	Activities <u>2016</u>	Activities <u>2015</u>
<b>Cash Receipts:</b>		
Program cash receipts:		
Charges for services and sales	\$ 880,723	\$ 730,704
Operating grants and contributions	173,148	272,647
Capital grants and contributions	<u>165,735</u>	<u>12,000</u>
Total program cash receipts	<u>1,219,606</u>	<u>1,015,351</u>
General cash receipts:		
Property and other taxes	6,810,534	5,169,619
Unrestricted grants	581,370	641,003
Investment receipts	31,917	32,737
Refunding bonds issued	-	1,515,000
Miscellaneous	<u>144,353</u>	<u>141,353</u>
Total general cash receipts	<u>7,568,174</u>	<u>7,499,712</u>
Total cash receipts	<u>8,787,780</u>	<u>8,515,063</u>
<b>Cash Disbursements:</b>		
Current:		
General government	721,511	679,360
Public safety	6,022,454	5,433,624
Public works	259,110	397,469
Health	142,087	158,122
Conservation and recreation	407,816	439,696
Capital outlay	546,812	59,703
Debt service:		
Principal retirement	92,000	106,000
Interest and fiscal charges	32,830	21,376
Payment to refunded bond escrow agent	-	1,485,906
Bond issuance costs	<u>-</u>	<u>29,094</u>
Total cash disbursements	<u>8,224,620</u>	<u>8,810,350</u>
Change in net position	563,160	(295,287)
Net position at beginning of year	<u>6,095,018</u>	<u>6,390,305</u>
Net position at end of year	<u>\$ 6,658,178</u>	<u>\$ 6,095,018</u>

**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(SEE ACCOUNTANT'S COMPILATION REPORT)

**Governmental Activities**

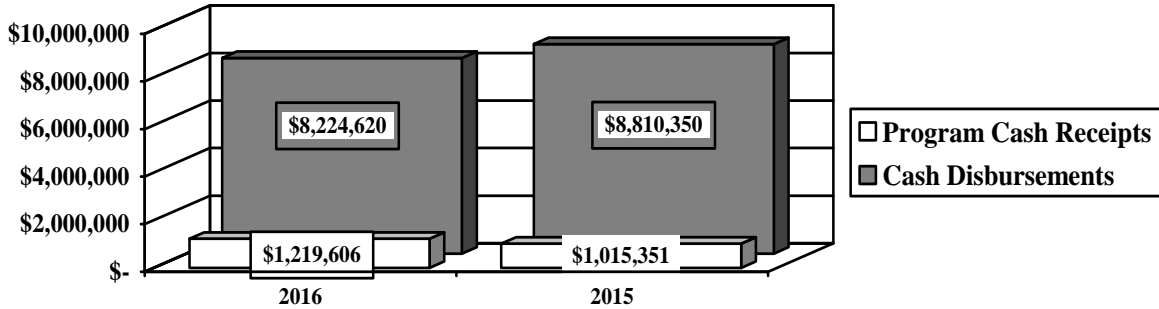
Governmental cash assets increased by \$563,160 in 2016 from 2015.

General government represents activities related to the governing body as well as activities that directly support Township programs. In 2016, general government cash disbursements totaled \$721,511 or 8.77% of total governmental cash disbursements. General government programs were supported by \$26,503 in direct charges to users for services.

In 2016, the public safety programs accounted for \$6,022,454 or 73.22% of total governmental cash disbursements. These operations are primarily supported through taxes.

The statement of activities - cash basis shows the cost of program services and the charges for services and grants offsetting those services. The following graph shows, for governmental activities, the total cost of services and the program cash receipts for 2016 and 2015. That is, it identifies the cost of these services supported by tax receipts and unrestricted State grants and entitlements.

**Governmental Activities - Program Cash Receipts vs. Total Cash Disbursements**



**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(SEE ACCOUNTANT'S COMPILATION REPORT)

The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

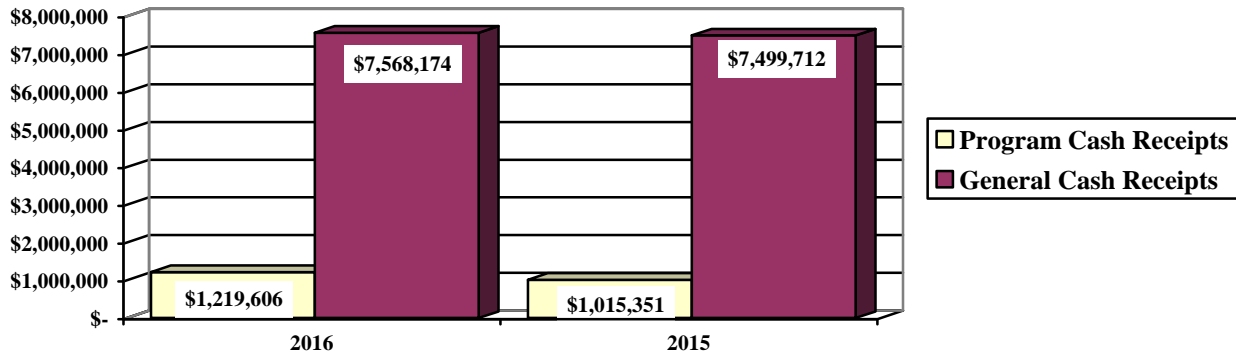
**Governmental Activities**

	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>
Cash disbursements:				
Current:				
General government	\$ 721,511	\$ 695,008	\$ 679,360	\$ 654,578
Public safety	6,022,454	5,557,971	5,433,624	4,962,738
Public works	259,110	(7,053)	397,469	280,245
Health	142,087	46,565	158,122	100,511
Conservation and recreation	407,816	40,881	439,696	94,848
Capital outlay	546,812	546,812	59,703	59,703
Debt service:				
Principal retirement	92,000	92,000	106,000	106,000
Interest and fiscal charges	32,830	32,830	21,376	21,376
Payment to refunded bond escrow agent	-	-	1,485,906	1,485,906
Bond issuance costs	-	-	29,094	29,094
<b>Total</b>	<b><u>\$ 8,224,620</u></b>	<b><u>\$ 7,005,014</u></b>	<b><u>\$ 8,810,350</u></b>	<b><u>\$ 7,794,999</u></b>

The dependence upon general cash receipts for governmental activities is apparent with 87.17% and 88.48% of cash disbursements supported through taxes and other general cash receipts during 2016 and 2015, respectively.

The graph below presents the Township's governmental receipts for 2016 and 2015.

**Governmental Activities - General and Program Cash Receipts**



**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(SEE ACCOUNTANT'S COMPILATION REPORT)

**Financial Analysis of the Government's Funds**

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The Township's governmental funds are accounted for using the cash basis of accounting.

At December 31, 2016, the Township's governmental funds reported a combined fund balance of \$6,658,178, which is \$563,160 more than the 2015 total of \$6,095,018. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2016 and 2015 for all major and nonmajor governmental funds.

	<u>Fund Balance</u> <u>December 31, 2016</u>	<u>Fund Balance</u> <u>December 31, 2015</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 2,389,992	\$ 2,436,676	\$ (46,684)
Fire District	2,055,740	1,381,629	674,111
Gasoline tax	729,276	661,190	68,086
Nonmajor funds	<u>1,483,170</u>	<u>1,615,523</u>	<u>(132,353)</u>
Total	<u>\$ 6,658,178</u>	<u>\$ 6,095,018</u>	<u>\$ 563,160</u>

**General Fund**

The general fund, one of the Township's major funds, had cash receipts of \$945,602 in 2016. The cash disbursements and other financing disbursements of the general fund, totaled \$992,286 in 2016. The general fund's fund balance decreased \$46,684 from 2015 to 2016.

The table that follows assists in illustrating the cash receipts of the general fund.

	<u>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>
<b>Cash Receipts:</b>			
Taxes	\$ 715,974	\$ 678,967	\$ 37,007
Intergovernmental	149,912	150,726	(814)
License, permits and fees	26,503	24,782	1,721
Investment income	31,917	32,737	(820)
Other	<u>21,296</u>	<u>38,225</u>	<u>(16,929)</u>
Total	<u>\$ 945,602</u>	<u>\$ 925,437</u>	<u>\$ 20,165</u>

Investment income cash receipts decreased due to lower amounts in investments and interest earnings on investments.

**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(SEE ACCOUNTANT'S COMPILATION REPORT)

The table that follows assists in illustrating the expenditures of the general fund.

	<u>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>
<b><u>Cash Disbursements</u></b>			
General government	\$ 721,511	\$ 679,360	\$ 42,151
Public safety	23,041	13,866	9,175
Health	50,755	93,486	(42,731)
Conservation and recreation	70,000	70,000	-
Capital outlay	<u>2,149</u>	<u>2,904</u>	<u>(755)</u>
Total	<u>\$ 867,456</u>	<u>\$ 859,616</u>	<u>\$ 7,840</u>

***Fire District Fund***

The fire district fund, a Township major fund, had cash receipts of \$6,452,753 in 2016. The fire district fund had cash disbursements and other financing disbursements of \$5,778,642 in 2016. The fire district fund balance increased \$674,111 from 2015 to 2016.

***Gasoline Tax Fund***

The gasoline tax fund, a Township major fund, had cash receipts of \$92,577 in 2016. The gasoline tax fund had cash disbursements of \$24,491 in 2016. The gasoline tax fund balance increased \$68,086 from 2015 to 2016.

***Budgeting Highlights - General Fund***

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

For 2016, final budget basis receipts were unchanged from the original budget receipts of \$922,620. Actual cash receipts of \$945,602 were \$22,982 greater than final budget basis receipts. The final budgetary basis disbursements and other financing disbursements of \$1,790,119 were \$154,559 more than the original budget disbursements and other financing disbursements of \$1,635,560. Actual budgetary basis disbursements and other financing disbursements of \$998,688 were less than final budget estimates by \$791,431.

**Capital Assets and Debt Administration**

***Capital Assets***

The Township does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The Township had capital outlay disbursements of \$546,812 and \$59,703 during 2016 and 2015, respectively.

**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(SEE ACCOUNTANT'S COMPILATION REPORT)

***Debt Administration***

The Township had the following debt outstanding at December 31, 2016 or 2015:

	Governmental Activities <u>2016</u>	Governmental Activities <u>2015</u>
Current Interest Bonds - Swimming Pool	\$ 1,317,000	\$ 1,409,000

See Note 6 for more information on the Township's debt.

**Current Financial Related Activities**

The following economic factors were taken into consideration in preparing the budget for 2017:

Plain Township is located in Franklin County in central Ohio. Unemployment in Franklin County typically is slightly below the State and national levels.

State funding is uncertain due to projected budget cuts at the State level. For Plain Township the Local government revenue funds are projected to be cut by 3.5% in the State budget starting in 2017. Sales and property tax revenues are expected to remain consistent as well as expenditures for 2017. We monitor the real estate tax delinquency information provided by Franklin County for potential revenue shortfall. The voters approved a 2.9 mil fire levy replacement and reduction (from the 1990 3.0 mil fire levy) for collection in 2015 and payment in 2016 collections; we expect this to meet the projected financial needs of the Plain Township Fire Department for the next 5 years.

These economic factors were considered in preparing the Township's budget for 2017. The Township has continued to practice conservative budgetary practices in order to preserve a positive financial position in future years.

**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 show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cindy Powell, Finance Officer, or Bud Zappitelli, Fiscal Officer, Plain Township, 45 Second Street, P.O. Box 273, New Albany, Ohio, 43054.



**CASH BASIS BASIC  
FINANCIAL STATEMENTS**

**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2016

(SEE ACCOUNTANT'S COMPILATION REPORT)

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 6,658,178
Total assets. . . . .	6,658,178
<b>Net cash position:</b>	
Restricted for:	
Nonexpendable. . . . .	2,030
Public safety . . . . .	2,291,291
Public works . . . . .	1,055,757
Health and human services . . . . .	121,686
Capital projects. . . . .	316,840
Unrestricted. . . . .	2,870,574
Total net cash position . . . . .	\$ 6,658,178

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

(SEE ACCOUNTANT'S COMPILATION REPORT)

	Cash Disbursements	Program Cash Receipts			Net (Cash Disbursements) Cash Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
General government . . . . .	\$ 721,511	\$ 26,503	\$ -	\$ -	\$ (695,008)
Public safety . . . . .	6,022,454	391,763	49,711	23,009	(5,557,971)
Public works. . . . .	259,110	-	123,437	142,726	7,053
Health . . . . .	142,087	95,522	-	-	(46,565)
Conservation and recreation . . . . .	407,816	366,935	-	-	(40,881)
Capital outlay. . . . .	546,812	-	-	-	(546,812)
Debt service:					
Principal retirement . . . . .	92,000	-	-	-	(92,000)
Interest and fiscal charges . . . . .	32,830	-	-	-	(32,830)
Total governmental activities. . . . .	<u>\$ 8,224,620</u>	<u>\$ 880,723</u>	<u>\$ 173,148</u>	<u>\$ 165,735</u>	<u>(7,005,014)</u>

**General receipts:**

Property and other taxes levied for:

General purposes . . . . .	715,974
Public safety - Fire district . . . . .	5,921,662
Road and bridge improvements. . . . .	172,898
Grants and entitlements not restricted to specific programs. . . . .	581,370
Investment receipts. . . . .	31,917
Miscellaneous . . . . .	144,353
Total general receipts. . . . .	<u>7,568,174</u>
Change in net position . . . . .	563,160
<b>Net cash position at beginning of year . . . . .</b>	<u>6,095,018</u>
<b>Net cash position at end of year . . . . .</b>	<u>\$ 6,658,178</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016

(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>General</u>	<u>Fire District</u>	<u>Gasoline Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and investments . . . . .	\$ 2,389,992	\$ 2,055,740	\$ 729,276	\$ 1,483,170	\$ 6,658,178
Total assets . . . . .	<u>\$ 2,389,992</u>	<u>\$ 2,055,740</u>	<u>\$ 729,276</u>	<u>\$ 1,483,170</u>	<u>\$ 6,658,178</u>
<b>Fund balances:</b>					
Nonspendable:					
Permanent fund . . . . .	\$ -	\$ -	\$ -	\$ 2,030	\$ 2,030
Restricted:					
Public safety programs . . . . .	-	2,055,740	-	235,551	2,291,291
Public works programs. . . . .	-	-	729,276	326,481	1,055,757
Health programs . . . . .	-	-	-	121,686	121,686
Capital improvements - fire . . . . .	-	-	-	316,840	316,840
Committed:					
Conservation and recreation programs . . . . .	-	-	-	236,649	236,649
Public works programs. . . . .	-	-	-	203,432	203,432
Capital improvements - swimming pool. . . . .	-	-	-	40,501	40,501
Assigned:					
General government . . . . .	1,627	-	-	-	1,627
Public safety programs . . . . .	4,775	-	-	-	4,775
Subsequent year appropriations . . . . .	732,725	-	-	-	732,725
Unassigned. . . . .	<u>1,650,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,650,865</u>
Total fund balances . . . . .	<u>\$ 2,389,992</u>	<u>\$ 2,055,740</u>	<u>\$ 729,276</u>	<u>\$ 1,483,170</u>	<u>\$ 6,658,178</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>General</u>	<u>Fire District</u>	<u>Gasoline Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Cash receipts:</b>					
Taxes . . . . .	\$ 715,974	\$ 5,921,662	\$ -	\$ 172,898	\$ 6,810,534
Intergovernmental . . . . .	149,912	412,498	86,867	234,014	883,291
Charges for services . . . . .	-	-	-	816,755	816,755
License, permits and fees . . . . .	26,503	-	-	35,247	61,750
Interest . . . . .	31,917	-	5,710	2,596	40,223
Miscellaneous . . . . .	21,296	118,593	-	35,338	175,227
Total cash receipts . . . . .	<u>945,602</u>	<u>6,452,753</u>	<u>92,577</u>	<u>1,296,848</u>	<u>8,787,780</u>
<b>Cash disbursements:</b>					
Current:					
General government . . . . .	721,511	-	-	-	721,511
Public safety . . . . .	23,041	5,736,651	-	262,762	6,022,454
Public works . . . . .	-	-	24,491	234,619	259,110
Health . . . . .	50,755	-	-	91,332	142,087
Conservation and recreation . . . . .	70,000	-	-	337,816	407,816
Capital outlay . . . . .	2,149	-	-	544,663	546,812
Debt service:					
Principal retirement . . . . .	-	-	-	92,000	92,000
Interest and fiscal charges . . . . .	-	-	-	32,830	32,830
Total cash disbursements . . . . .	<u>867,456</u>	<u>5,736,651</u>	<u>24,491</u>	<u>1,596,022</u>	<u>8,224,620</u>
Excess (deficiency) of cash receipts over (under) cash disbursements . . . . .	<u>78,146</u>	<u>716,102</u>	<u>68,086</u>	<u>(299,174)</u>	<u>563,160</u>
<b>Other financing receipts (disbursements):</b>					
Transfers in . . . . .	-	-	-	293,981	293,981
Transfers out . . . . .	(124,830)	(41,991)	-	(127,160)	(293,981)
Total other financing receipts (disbursements) . . . . .	<u>(124,830)</u>	<u>(41,991)</u>	<u>-</u>	<u>166,821</u>	<u>-</u>
Net change in fund balances . . . . .	(46,684)	674,111	68,086	(132,353)	563,160
<b>Fund balances</b>					
at beginning of year . . . . .	2,436,676	1,381,629	661,190	1,615,523	6,095,018
Fund balances at end of year . . . . .	<u>\$ 2,389,992</u>	<u>\$ 2,055,740</u>	<u>\$ 729,276</u>	<u>\$ 1,483,170</u>	<u>\$ 6,658,178</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Taxes . . . . .	\$ 686,987	\$ 686,987	\$ 715,974	\$ 28,987
Intergovernmental . . . . .	153,832	153,832	149,912	(3,920)
License, permits and fees . . . . .	27,196	27,196	26,503	(693)
Interest . . . . .	32,752	32,752	31,917	(835)
Miscellaneous . . . . .	21,853	21,853	21,296	(557)
<b>Total receipts.</b> . . . . .	<u>922,620</u>	<u>922,620</u>	<u>945,602</u>	<u>22,982</u>
<b>Disbursements:</b>				
Current:				
General government . . . . .	1,184,809	1,309,335	723,138	586,197
Public safety . . . . .	61,790	68,284	27,816	40,468
Health . . . . .	132,114	146,000	50,755	95,245
Conservation and recreation . . . . .	63,795	70,500	2,149	68,351
Capital outlay . . . . .	28,052	31,000	70,000	(39,000)
<b>Total disbursements</b> . . . . .	<u>1,470,560</u>	<u>1,625,119</u>	<u>873,858</u>	<u>751,261</u>
Excess (deficiency) of receipts over (under) disbursements. . . . .	<u>(547,940)</u>	<u>(702,499)</u>	<u>71,744</u>	<u>774,243</u>
<b>Other financing disbursements:</b>				
Transfers out. . . . .	<u>(165,000)</u>	<u>(165,000)</u>	<u>(124,830)</u>	<u>40,170</u>
<b>Total other financing disbursements</b> . . . . .	<u>(165,000)</u>	<u>(165,000)</u>	<u>(124,830)</u>	<u>40,170</u>
Net change in fund balance. . . . .	(712,940)	(867,499)	(53,086)	814,413
<b>Fund balance at beginning of year.</b> . . . . .	2,401,598	2,401,598	2,401,598	-
<b>Prior year encumbrances appropriated</b> . . . . .	<u>35,078</u>	<u>35,078</u>	<u>35,078</u>	<u>-</u>
<b>Fund balance at end of year</b> . . . . .	<u>\$ 1,723,736</u>	<u>\$ 1,569,177</u>	<u>\$ 2,383,590</u>	<u>\$ 814,413</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
FIRE DISTRICT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Taxes . . . . .	\$ 5,132,623	\$ 5,132,625	\$ 5,921,662	\$ 789,037
Intergovernmental. . . . .	717,122	759,725	412,498	(347,227)
Miscellaneous. . . . .	206,172	163,569	118,593	(44,976)
Total receipts . . . . .	<u>6,055,917</u>	<u>6,055,919</u>	<u>6,452,753</u>	<u>396,834</u>
<b>Disbursements:</b>				
Current:				
Public safety. . . . .	6,645,159	6,870,359	5,747,051	1,123,308
Total disbursements . . . . .	<u>6,645,159</u>	<u>6,870,359</u>	<u>5,747,051</u>	<u>1,123,308</u>
Excess of disbursements over receipts . . . . .	<u>(589,242)</u>	<u>(814,440)</u>	<u>705,702</u>	<u>1,520,142</u>
<b>Other financing disbursements:</b>				
Transfers out. . . . .	(41,991)	(41,991)	(41,991)	-
Total other financing disbursements. . . . .	<u>(41,991)</u>	<u>(41,991)</u>	<u>(41,991)</u>	<u>-</u>
Net change in fund balance . . . . .	(631,233)	(856,431)	663,711	1,520,142
<b>Fund balance at beginning of year . . . . .</b>	1,372,083	1,372,083	1,372,083	-
<b>Prior year encumbrances appropriated. . . . .</b>	<u>9,546</u>	<u>9,546</u>	<u>9,546</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 750,396</u>	<u>\$ 525,198</u>	<u>\$ 2,045,340</u>	<u>\$ 1,520,142</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
GASOLINE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Intergovernmental . . . . .	\$ 72,251	\$ 72,251	\$ 86,867	\$ 14,616
Interest . . . . .	4,749	4,749	5,710	961
<b>Total receipts . . . . .</b>	<u>77,000</u>	<u>77,000</u>	<u>92,577</u>	<u>15,577</u>
<b>Disbursements:</b>				
Current:				
Public works . . . . .	265,000	280,000	24,491	255,509
<b>Total disbursements . . . . .</b>	<u>265,000</u>	<u>280,000</u>	<u>24,491</u>	<u>255,509</u>
Net change in fund balance . . . . .	(188,000)	(203,000)	68,086	271,086
<b>Fund balance at beginning of year . . . . .</b>	643,930	643,930	643,930	-
<b>Prior year encumbrances appropriated. . . . .</b>	<u>17,260</u>	<u>17,260</u>	<u>17,260</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 473,190</u>	<u>\$ 458,190</u>	<u>\$ 729,276</u>	<u>\$ 271,086</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS  
FIDUCIARY FUND  
DECEMBER 31, 2016

(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Private-Purpose Trust</u>
<b>Assets:</b>	
Equity in pooled cash and investments. . . . .	\$ 3,160
Total assets. . . . .	<u>3,160</u>
<b>Net cash position:</b>	
Held in trust for other purposes . . . . .	<u>3,160</u>
Total net cash position . . . . .	<u><u>\$ 3,160</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Private-Purpose Trust</u>
Net cash position at beginning of year . . . . .	<u>3,160</u>
Net cash position at end of year . . . . .	<u>\$ 3,160</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(SEE ACCOUNTANT'S COMPILATION REPORT)

**NOTE 1 - DESCRIPTION OF THE TOWNSHIP**

Plain Township, Franklin County, Ohio (the "Township") is a body politic and corporate established for the purpose of exercising 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 provides the following services: fire protection, road and bridge maintenance, cemetery maintenance and emergency medical services as well as general governmental services. The Township contracts with Mifflin Township through its Metropolitan Emergency Communication Consortium (MECC) for emergency dispatching services. 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.D., 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). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these cash basis statements contain items that are the same as, or similar to, those items in the financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the Township's accounting policies:

**A. Reporting Entity**

For financial reporting purposes, the Township's Basic Financial Statements (BFS) include all funds, agencies, boards, commissions, and departments for which the Township is financially accountable. Financial accountability, as defined by the GASB, exists if the Township appoints a voting majority of an organization's Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the Township. The Township may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the Township. The Township also took into consideration other organizations for which the nature and significance of their relationship with the Township are such that exclusion would cause the Township's basic financial statements to be misleading or incomplete. The Township has no component units.

The following organizations are described due to their significant relationship to the Township:

*JOINTLY GOVERNED ORGANIZATIONS*

New Albany - Plain Local Joint Park District

The New Albany Plain-Local Joint Park District (the "Park District") is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating entities as follows: (1) The City of New Albany; (2) Plain Township; (3) The New Albany-Plain Local School District. The Park District possesses its own budgeting and taxing authority.

**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(SEE ACCOUNTANT'S COMPILATION REPORT)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Rocky Fork-Blacklick Accord

The Rocky Fork-Blacklick Accord is an initiative of the City of New Albany, the City of Columbus, and Plain Township to establish long-range planning guidelines to manage future growth and development in the planning area.

Mid-Ohio Regional Planning Commission

The Township is a participant in the Mid-Ohio Regional Planning Commission (MORPC), a jointly governed organization. MORPC is composed of 74 representatives appointed by member governments who make up the Commission, the policy-making body of MORPC, and the oversight board. MORPC is a voluntary association of local governments in central and south central Ohio and a regional planning agency whose membership includes 42 political subdivisions in and around Franklin, Ross, Fayette, Delaware, Pickaway, Madison, Licking and Fairfield Counties, Ohio. The purpose of the organization is to improve the quality of life for member communities by improving housing conditions, to promote and support livability/sustainability measures as a means of addressing regional growth challenges, and to administer and facilitate the availability of regional environment infrastructure program funding to the full advantage of MORPC's members.

Metropolitan Emergency Communications Consortium Regional Council of Governments

The Township is a participant in the Metropolitan Emergency Communications Consortium Regional Council of Governments (MECC RCOG), a jointly governed organization. MECC RCOG is composed of representatives from Mifflin, Truro, Violet, Jefferson and Plain Townships. The purpose of the organization is to enable its members to more effectively manage the provision of shared services and programs, including efficient methods of delivery of public safety dispatch operations, fire, law enforcement and emergency medical and related services, technology services and selected benefit services, and to promote cooperative agreements and contracts between its members or other governmental agencies.

*JOINT VENTURE*

New Albany Performing Arts Center

In 2004, the Township entered into a joint operating agreement with New Albany-Plain Local School District (the "District"), the City of New Albany (the "City") and the New Albany Community Foundation (the "Foundation") for the operations of the New Albany Performing Arts Center (the "Center"). The Center was constructed through a joint collaboration between the Township, District and Township. Each of these entities owns a portion of the Center, as tenants in common, equal to their financial contribution of the construction. The City, District and Township committed amounts not to exceed \$5 million, \$5 million and \$3 million, respectively, to supplement the construction of the Center. The City made the \$3 million dollar contribution to the Center on behalf of the City from an area tax increment financing agreement. The Foundation has committed to use its best efforts to raise approximately \$2.3 million to be applied to an endowment for the purpose of subsidizing the operation of the Center. The Center will serve both school and community needs, including music, theater, dance and ballet.

**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(SEE ACCOUNTANT'S COMPILATION REPORT)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The Center is operated by a 15-member Board of Trustees (the "Board") consisting of 3 members appointed by the District, 3 members appointed by the City, 3 members appointed by the Township and 3 member appointed by the Foundation. Those appointed individuals may appoint up to 3 additional members, approved by the owners. The Township does not appoint a voting majority of the Board.

The Township has no ongoing financial interest or responsibility in the operation of the Center other than it is obligated to pay 3/13 of the capital expenses approved on an annual basis. The Board of Directors approves the operating budget of the Center. The operating budget is prepared by the Board of Education and delivered to the Board of Directors and Owners annually by May 31<sup>st</sup> of each year, including projected expenses, the budget year costs from the Five-Year Capital Improvement Plan, and the Board of Education Usage Charge. "Owners" means the City, Township and the School District. Complete financial statements for the Center may be obtained from the Treasurer of the New Albany-Plain Local School District at 55 North High Street, New Albany, OH 43054.

*PUBLIC ENTITY RISK POOL*

Ohio Township Association Risk Management Authority

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. 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' deductible. This organization is discussed in Note 9.

Jefferson Health Plan (the "Health Plan")

The Township participates in the Health Plan, a claims servicing self-insurance pool organized under Ohio Revised Code Chapter 167, for the purpose of establishing and carrying out a cooperative program to administer medical, prescription, vision and dental benefits for employees of the participating entities and their eligible dependents. The Health Plan contracts with third-party administrators to process and pay health, dental and vision claims incurred by its members.

The Health Plan also purchases stop loss coverage for claims in excess of a set amount for individual claims and in the pool's aggregate.

Each member of the Health Plan is obligated to pay a fee based on an estimate of the member's share of the Health Plan costs for the fiscal year. Included in this estimate are claims by eligible employees which are payable by each member, the member's share of the medical, prescription, vision and dental insurance premiums, and their proportionate share of the administrative costs of the Health Plan. The actual balance of each member's account is determined on a monthly basis. Each member is required to meet or exceed the claims that have been incurred but not reported (IBNR) and to maintain adequate reserves or current funding to meet or exceed their claims fluctuation reserve requirements. If a member is in a deficit position, the participating member has two fiscal years to make up a negative reserve amount or an insufficient IBNR and three fiscal years to make up insufficient claims fluctuation reserves.

**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(SEE ACCOUNTANT'S COMPILATION REPORT)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Members may withdraw from the Health Plan with as much notice as is possible for the termination, allowing the Health Plan time to determine any withdrawal balance owed to or by the departing employer. Any outstanding reserve balances are held by the Health Plan for a maximum period of six months to satisfy the payment of claims incurred before termination. The terminating member has the option to pay all of the claims incurred prior to the termination for membership so that any reserves could be released sooner. Employers found to be in a deficit position wishing to leave the Health Plan will be required to repay the deficit in full within ninety days of the effective withdraw date. Additionally, such terminating member will be required to pay any claims incurred prior to termination notification.

**B. Basis of Presentation**

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

*Government-wide Financial Statements* - The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the cash balance 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.

**C. 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 three categories, governmental, proprietary and fiduciary. The Township has no proprietary funds.

**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(SEE ACCOUNTANT'S COMPILATION REPORT)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Governmental Funds** - The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The following are the Township's major governmental funds:

General fund - This fund is used to account for all financial activities of the Township 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.

Fire district fund - This fund is used to account for all financial activities of the fire operations.

Gasoline tax fund - This fund accounts for revenues derived from gasoline taxes. Expenditures are restricted for road improvements, repairs, street signs, equipment, etc.

Other governmental funds of the Township are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Fiduciary Funds** - Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township has one private-purpose trust fund used for grave site maintenance in the Township cemetery. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township does not maintain any agency funds.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraphs.

**D. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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 expenses and liabilities) are not recorded in these financial statements.



**PLAIN TOWNSHIP  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(SEE ACCOUNTANT'S COMPILATION REPORT)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**E. Budgetary Process**

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

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the object level for all funds. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

The amended 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 amended 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 ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, 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.

**F. 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 investments".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2016, investments were limited to federal agency securities, a U.S. Treasury Note, a US Government money market and the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Township measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the general fund during 2016 were \$31,917 which includes \$16,694 assigned from other Township funds.

**G. 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.

**H. Capital Assets**

Acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on 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. In addition to these disbursements the Township also contributes the entire employee share. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits; these amounts are the required amounts and are not necessarily the amounts that are paid.

**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. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay disbursement is reported at inception. Lease payments are reported when paid.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**L. Net Cash Position**

Net cash position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Township first applies restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

**M. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Township Board of Trustees (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Township Board of Trustees removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Township Board of Trustees, which includes giving the Fiscal Officer the authority to constrain monies for intended purposes.

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

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

**N. Interfund Activity**

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 receipt (disbursement) 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. Interfund transfers between government funds are eliminated for reporting in the statement of activities.

**O. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2016.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Changes in Accounting Principles**

For 2016, the Township has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 77, "Tax Abatement Disclosures", GASB Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans" and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the Township.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the Township.

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**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the Township.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the Township.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the Township.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The Township participates in STAR Ohio which implemented GASB Statement No. 79 for 2016. The Township incorporated the corresponding GASB 79 guidance into its 2016 financial statements; however, there was no effect on beginning net position/fund balance.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the Township into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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 Township has 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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 that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items 1 and 2 above, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Township by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**A. Deposits with Financial Institutions**

At December 31, 2016, the carrying amount of all Township deposits was \$580,985. Based on the criteria described in GASB Statement No. 40, "Deposits and Investments Risk Disclosures", as of December 31, 2016, \$349,765 of the Township's bank balance of \$604,906 was exposed to custodial risk as discussed below, while \$255,141 was covered by FDIC.

Custodial credit risk is the risk that in the event of bank failure, the Township deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Township. The Township has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

**B. Investments**

As of December 31, 2016, the Township had the following investments and maturities:

Investment type	Carrying Value	Fair Value	Investment Maturities				
			6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FHLB	\$ 249,240	\$ 248,030	\$ -	\$ -	\$ -	\$ -	\$ 248,030
FHLMC	1,508,625	1,503,112	249,640	249,403	258,461	249,848	495,760
FNMA	1,558,921	1,549,784	-	-	-	250,013	1,299,771
U.S. Treasury note	249,746	250,000	250,000	-	-	-	-
STAR Ohio	2,261,345	2,261,345	2,261,345	-	-	-	-
U.S. Government money market	252,476	252,476	252,476	-	-	-	-
<b>Total</b>	<b>\$ 6,080,353</b>	<b>\$ 6,064,747</b>	<b>\$ 3,013,461</b>	<b>\$ 249,403</b>	<b>\$ 258,461</b>	<b>\$ 499,861</b>	<b>\$ 2,043,561</b>

The weighted average maturity of investments is 1.36 years.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Township's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* STAR Ohio and the US Government money market fund carry a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The Township's investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

**PLAIN TOWNSHIP  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The federal agency securities and U.S. Treasury notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the Township's name. The Township has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Fiscal Officer or qualified trustee.

*Concentration of Credit Risk:* The Township places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Township at December 31, 2016:

<u>Investment type</u>	<u>Carring Value</u>	<u>% of Total</u>
FHLB	\$ 248,030	4.09
FHLMC	1,503,112	24.78
FNMA	1,549,784	25.55
U.S. Treasury note	250,000	4.12
STAR Ohio	2,261,345	37.30
U.S. Government money market	<u>252,476</u>	<u>4.16</u>
Total	<u>\$ 6,064,747</u>	<u>100.00</u>

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position - cash basis as of December 31, 2016:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 596,591
Investments	<u>6,064,747</u>
Total	<u>\$ 6,661,338</u>
<u>Cash and investments per statement of net positon</u>	
Governmental activities	\$ 6,658,178
Private purpose trust	<u>3,160</u>
Total	<u>\$ 6,661,338</u>



**PLAIN TOWNSHIP  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 5 - PROPERTY TAX**

Property taxes include amounts levied against all real and public utility property located in the Township. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. 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. 2016 public utility property taxes became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

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.

The full tax rate for all Township operations for the year ended December 31, 2016, was \$15.35 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2016 property tax receipts were based are as follows:

	<u>2016</u>
Real property tax	\$ 666,927,708
Public utility tangible personal property	<u>25,418,705</u>
Total assessed valuation	<u><u>\$ 692,346,413</u></u>

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**NOTE 6 - DEBT OBLIGATIONS**

Transactions for the year ended December 31, 2016 are summarized as follows:

<u>Description</u>	<u>Balance December 31, 2015</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance December 31, 2016</u>
Refunding Bonds - Pool	\$ 1,409,000	\$ -	\$ (92,000)	\$ 1,317,000
Total	<u>\$ 1,409,000</u>	<u>\$ -</u>	<u>\$ (92,000)</u>	<u>\$ 1,317,000</u>

General obligation bonds and notes are direct obligations of the Township for which its full faith, credit and resources, are pledged and are payable from tax levies on all taxable property in the Township.

Series 2015 Capital Facilities Refunding Bonds: On March 30, 2015, the Township issued \$1,515,000 in pool refunding bonds to refund the Series 2004 capital facilities bonds that were for the construction of the township aquatic center. The bonds were issued for a thirteen year period, with final maturity on December 1, 2028 at an interest rate of 2.33%. The bonds are being retired from the debt service fund.

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2015, are as follows:

<u>Year Ending December 31,</u>	<u>Current Interest Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 96,000	\$ 30,686	\$ 126,686
2018	100,000	28,449	128,449
2019	99,000	26,119	125,119
2020	102,000	23,813	125,813
2021	106,000	21,436	127,436
2022 - 2026	568,000	68,875	636,875
2027 - 2028	<u>246,000</u>	<u>8,621</u>	<u>254,621</u>
Total	<u>\$ 1,317,000</u>	<u>\$ 207,999</u>	<u>\$ 1,524,999</u>

Under the cash basis of accounting, debt obligations at year end are not reported on the financial statements.

**PLAIN TOWNSHIP  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 7 - DEFINED BENEFIT PENSION PLANS**

*Net Pension Liability/Asset*

The net pension liability/asset reported on the statement of net position represents a liability or asset to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset represents the Township's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the Township's obligation for this liability to annually required payments. The Township cannot control benefit terms or the manner in which pensions are financed; however, the Township does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes any net pension liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description - Township employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

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

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**NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

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(SEE ACCOUNTANT'S COMPILATION REPORT)

**NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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**NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

The Township's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$70,355 for 2016.

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

Plan Description - Township full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

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**NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The Township's contractually required contribution to OP&F was \$730,701 for 2016.

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**NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability and net pension asset for the OPERS Traditional Pension Plan and Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2015, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The Township's proportion of the net pension liability or asset was based on the Township's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportionate share of the net pension liability	\$ 531,936	\$ 7,064,256	\$ 7,596,192
Proportionate share of the net pension asset	(551)	-	(551)
Proportion of the the Net Pension Liability	0.003143%	0.147781%	
Proportion of the the Net Pension Asset	0.029651%	0.000000%	

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability/asset in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.75 percent
Future salary increases, including inflation COLA or ad hoc COLA	4.25 to 10.05 percent including wage inflation Pre 1/7/2013 retirees: 3 percent, simple Post 1/7/2013 retirees: 3 percent, simple through 2018, then 2.80% simple
Investment rate of return	8 percent
Actuarial cost method	Individual entry age



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**NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 401 (h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed income	23.00 %	2.31 %
Domestic equities	20.70	5.84
Real estate	10.00	4.25
Private equity	10.00	9.25
International equities	18.30	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.27 %</u>

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**NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 8 percent for both the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Township's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the Township's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 8 percent, as well as what the Township's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Township's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 867,374	\$ 544,407	\$ 271,995
Combined Plan	(9)	(438)	(783)
Member-Directed Plan	297	(113)	(297)

**Actuarial Assumptions – OP&F**

OP&F's total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation date	January 1, 2015
Actuarial cost method	Entry age normal
Investment rate of return	8.25 percent
Projected salary increases	4.25 percent to 11 percent
Payroll increases	3.75 percent
Inflation assumptions	3.25 percent
Cost of living adjustments	2.60 and 3.00 percent simple

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**NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five-year period ended December 31, 2011. The recommended assumption changes based on this experience study were adopted by OPF's Board and were effective beginning with the January 1, 2012 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2015 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Real Rate of Return **</u>	<u>30 Year Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	4.47 %	7.80 %
Non-US Equity	16.00	4.47	8.00
Core Fixed Income *	20.00	1.62	5.35
Global Inflation			
Protected Securities *	20.00	1.33	4.73
High Yield	15.00	3.39	7.21
Real Estate	12.00	3.93	7.43
Private Markets	8.00	6.98	10.73
Timber	5.00	4.92	7.35
Master Limited Partnerships	8.00	7.03	10.75
<b>Total</b>	<u>120.00 %</u>		

\* levered 2x

\*\* numbers include inflation

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**NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)**

OPF's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** - The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the Township's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Township's proportionate share of the net pension liability	\$ 12,538,269	\$ 9,506,878	\$ 6,938,950

**NOTE 8 - POSTRETIREMENT BENEFIT PLANS**

**A. Ohio Public Employees Retirement System**

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension Plan and the Combined Plan. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

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**NOTE 8 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment 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 post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2016, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2016 was 2.00%.

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

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015, and 2014 were \$11,725, \$7,827, and \$7,534, respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

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

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

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

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

OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at [www.op-f.org](http://www.op-f.org).

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**NOTE 8 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts, one account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered as an Internal Revenue Code Section 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2016 thru December 31, 2016. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions to OP&F which were allocated to fund post-employment healthcare benefits for firefighters was \$15,547 for the year ended December 31, 2016, \$13,467 for the year ended December 31, 2015, and \$13,144 for the year ended December 31, 2014.

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**NOTE 9 - RISK MANAGEMENT**

**Risk Pool Membership**

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

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

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

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2015 and 2014 (the latest information available):

<u>Casualty Coverage</u>	<u>2015</u>	<u>2014</u>
Assets	\$ 37,313,311	\$ 35,970,263
Liabilities	<u>(8,418,518)</u>	<u>(8,912,432)</u>
Net position	<u>\$ 28,894,793</u>	<u>\$ 27,057,831</u>

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, 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 \$25,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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**NOTE 9 - RISK MANAGEMENT - (Continued)**

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

<u>Contributions to OTARMA</u>	
2015	\$38,367
2016	39,340

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.

**NOTE 10 - CONTINGENCIES**

**A. Litigation**

The Township is currently not party to any pending litigation.

**B. Grants**

The Township receives significant financial assistance from numerous Federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual funds included herein or on the overall financial position of the Township at December 31, 2016.

**NOTE 11 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended December 31, 2016, consisted of the following, as reported on the fund financial statements:

<u>Transfers to nonmajor governmental funds from:</u>	
General fund	\$ 124,830
Fire district fund	41,991
Nonmajor governmental funds	<u>127,160</u>
Total	<u>\$ 293,981</u>



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**NOTE 11 - INTERFUND TRANSACTIONS – (Continued)**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

**NOTE 12 - OTHER COMMITMENTS**

The Township utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Township's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 6,402
Fire district	10,400
Capital fire equipment	284,046
Other governmental	<u>3,338</u>
 Total	 <u>\$ 304,186</u>

**NOTE 13 - 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 cash receipts, cash disbursements and changes in fund cash balance - budget and actual (budgetary basis) presented for the general fund and fire district fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements on the budgetary basis but are not on a cash basis. At December 31, 2016, the encumbrances outstanding at year end (budgetary basis) amounted to \$6,402 for the general fund and \$284,046 for the fire district fund.

**NOTE 14 – TAX ABATEMENTS**

The Township, along with the City of New Albany entered into property tax abatement agreements with property owners under The Ohio Community Reinvestment Area ("CRA") program. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the City and/or Township designates areas to encourage revitalization of the existing housing stock and the development of new structures. The Township has 34 properties are that are receiving tax abatements. The total value of taxes abated for 2016 was \$808,300.