



**GENOA TOWNSHIP
DELAWARE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2015-2014



Dave Yost • Auditor of State

GENOA TOWNSHIP
DELAWARE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Genoa Township
Delaware County
5111 S. Old 3C Highway
Westerville, Ohio 43082

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of Genoa Township, Delaware County, Ohio (the Township) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

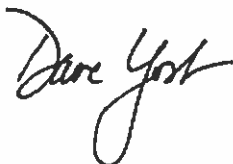
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Genoa Township, Delaware County, Ohio as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2016, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 30, 2016

**GENOA TOWNSHIP
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Governmental Fund Types				Totals
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 1,210,521	\$ 8,968,442	\$ -	\$ -	\$ 10,178,963
Charges for Services	-	64,629	-	-	64,629
Licenses, Permits and Fees	45,510	1,200	-	-	46,710
Fines and Forfeitures	21,733	939	-	-	22,672
Intergovernmental	228,123	1,362,896	-	-	1,591,019
Earnings on Investments	118,209	1,581	-	916	120,706
Miscellaneous	85,192	144,829	-	-	230,021
Total Cash Receipts	1,709,288	10,544,516	-	916	12,254,720
Cash Disbursements					
Current:					
General Government	1,281,179	115,658	-	-	1,396,837
Public Safety	-	7,229,112	-	-	7,229,112
Public Works	-	1,836,868	-	-	1,836,868
Health	-	1,474	-	-	1,474
Conservation-Recreation	183,419	-	-	-	183,419
Capital Outlay	500,428	877,201	-	121,277	1,498,906
Total Cash Disbursements	1,965,026	10,060,313	-	121,277	12,146,616
Excess of Receipts Over (Under) Disbursements	(255,738)	484,203	-	(120,361)	108,104
Other Financing Receipts (Disbursements)					
Transfers In	-	215,000	-	252,750	467,750
Transfers Out	-	(467,750)	-	-	(467,750)
Total Other Financing Receipts (Disbursements)	-	(252,750)	-	252,750	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(255,738)	231,453	-	132,389	108,104
Fund Cash Balances, January 1	2,806,756	7,473,481	1,387	2,610,411	12,892,035
Fund Cash Balances, December 31					
Restricted	-	7,704,934	1,387	-	7,706,321
Committed	-	-	-	2,742,800	2,742,800
Assigned	1,107,894	-	-	-	1,107,894
Unassigned (Deficit)	1,443,124	-	-	-	1,443,124
Fund Cash Balances, December 31	\$ 2,551,018	\$ 7,704,934	\$ 1,387	\$ 2,742,800	\$ 13,000,139

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

**GENOA TOWNSHIP
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Governmental Fund Types				Totals
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 1,188,489	\$ 8,354,627	\$ -	\$ -	\$ 9,543,116
Charges for Services	-	73,549	-	-	73,549
Licenses, Permits and Fees	39,175	2,950	-	-	42,125
Fines and Forfeitures	21,014	813	-	-	21,827
Intergovernmental	248,512	1,413,119	-	-	1,661,631
Earnings on Investments	81,310	4,003	-	632	85,945
Miscellaneous	76,954	72,538	-	-	149,492
Total Cash Receipts	<u>1,655,454</u>	<u>9,921,599</u>	<u>-</u>	<u>632</u>	<u>11,577,685</u>
Cash Disbursements					
Current:					
General Government	1,315,301	101,647	-	-	1,416,948
Public Safety	-	7,149,826	-	-	7,149,826
Public Works	-	2,022,241	-	-	2,022,241
Health	-	1,592	-	-	1,592
Conservation-Recreation	152,058	-	-	-	152,058
Capital Outlay	414,349	841,999	-	97,507	1,353,855
Total Cash Disbursements	<u>1,881,708</u>	<u>10,117,305</u>	<u>-</u>	<u>97,507</u>	<u>12,096,520</u>
Excess of Receipts (Under) Disbursements	<u>(226,254)</u>	<u>(195,706)</u>	<u>-</u>	<u>(96,875)</u>	<u>(518,835)</u>
Other Financing Receipts (Disbursements)					
Transfers In	1,188	5,377	-	694,000	700,565
Transfers Out	-	(700,565)	-	-	(700,565)
Other Financing Uses	-	(26,577)	-	-	(26,577)
Total Other Financing Receipts (Disbursements)	<u>1,188</u>	<u>(721,765)</u>	<u>-</u>	<u>694,000</u>	<u>(26,577)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	<u>(225,066)</u>	<u>(917,471)</u>	<u>-</u>	<u>597,125</u>	<u>(545,412)</u>
Fund Cash Balances, January 1	<u>3,031,822</u>	<u>8,390,952</u>	<u>1,387</u>	<u>2,013,286</u>	<u>13,437,447</u>
Fund Cash Balances, December 31					
Restricted	-	7,473,481	1,387	-	7,474,868
Committed	-	-	-	2,610,411	2,610,411
Assigned	699,382	-	-	-	699,382
Unassigned	2,107,374	-	-	-	2,107,374
Fund Cash Balances, December 31	<u>\$ 2,806,756</u>	<u>\$ 7,473,481</u>	<u>\$ 1,387</u>	<u>\$ 2,610,411</u>	<u>\$ 12,892,035</u>

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

**GENOA TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Genoa Township, Delaware County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, police protection, fire protection and emergency medical services.

The Township participates in the Ohio Plan Risk, Inc. (OPRM) public entity risk pool. OPRM is an unincorporated non-profit association providing a formalized, jointly administered, self-insurance risk management program and other administrative services to member Ohio governments. Note 6 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

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

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

C. Deposits and Investments

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

The Township values municipal bonds, federal securities and certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund, including self insurance internal service activity.

**GENOA TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

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

Police Fund - This fund receives property tax money and other revenues collected to fund the Township's police department.

Fire District Fund - This fund receives property tax money and other revenues collected to fund the Township's fire department.

3. Debt Service Funds

These funds account for and report financial resources that are restricted to expenditure for principal and interest.

4. Capital Project Funds

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

Police Capital Projects Fund - This fund is to account for transfers of excess funds from the Police Special Revenue Fund which is being set aside by the township for future equipment purchases for the police department.

Fire Capital Projects Fund - This fund is to account for transfers of excess funds from the Fire District Special Revenue Fund which is being set aside by the township for future equipment purchases for the police department.

E. Budgetary Process

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

1. Appropriations

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

GENOA TOWNSHIP
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

**GENOA TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2015	2014
Demand Deposits	1,878,957	1,891,559
Certificates of deposit	3,446,000	4,198,000
Total Deposits	5,324,957	6,089,559
Municipal Bonds	2,232,071	0
Federal Securities	5,248,562	6,305,220
Money Market	133,431	436,203
STAR Ohio	61,118	61,053
Total Investments	7,675,182	6,802,476
Total Deposits and Investments	13,000,139	12,892,035

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

**GENOA TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)

Investments: A financial institution's trust department holds the Township's Federal securities in book entry form in the Township's name.

Investments in STAR Ohio, municipal bonds, certificates of deposit and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,665,516	\$1,709,288	\$43,772
Special Revenue	10,934,047	10,759,516	(174,531)
Capital Projects	252,750	253,666	916
Total	\$12,852,313	\$12,722,470	(\$129,843)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,401,100	\$1,982,876	\$418,224
Special Revenue	11,740,327	10,663,139	1,077,188
Capital Projects	145,000	121,277	23,723
Total	\$14,286,427	\$12,767,292	\$1,519,135

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,548,750	\$1,656,642	\$107,892
Special Revenue	9,721,600	9,926,976	205,376
Capital Projects	694,000	694,632	632
Total	\$11,964,350	\$12,278,250	\$313,900

**GENOA TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,110,000	\$1,881,708	\$228,292
Special Revenue	11,644,363	10,844,447	799,916
Capital Projects	152,000	97,507	54,493
Total	\$13,906,363	\$12,823,662	\$1,082,701

4. PROPERTY TAX

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

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

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

5. DEFINED BENEFIT PENSION PLANS

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - township employees, other than full-time 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 plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional 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.

**GENOA TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. 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 plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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

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

**GENOA TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. 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.

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

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

	State and Local	Public Safety	Law Enforcement
2015 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2015 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.			
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.			

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

The Township's contractually required contribution was \$525,516.01 for year 2015.

**GENOA TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - township full-time firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at 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 OPF may retire and receive a lifetime monthly pension. OPF 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 July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

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.

**GENOA TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
2015 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	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 \$561,204.61 for 2015.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Risk Pool Membership

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**GENOA TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

6. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014 (the latest information available).

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	<u>(9,112,030)</u>	<u>(8,942,504)</u>
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

7. SELF-INSURANCE MEDICAL INSURANCE

The Township implemented a self-insurance plan for the employee's medical health insurance on July 01, 2015. The Self Insurance Plan is administered by Benefit Assistance Corporation (BAC). The Township's plan is a Level Funding Plan. The Township pays Cigna Healthcare (the Carrier) the maximum exposure on a monthly basis. Two-thirds of the unused funds are returned to the Township after the 15th following the start of each new plan year. BAC pays covered claims to service providers, and then recovers these costs from the Township on a weekly basis. The Township paid the carrier \$310,872 in fiscal year ending December 31, 2015.

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Dave Yost • Auditor of State

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

Genoa Township
Franklin County
5111 S. Old 3C Highway
Westerville, Ohio 43082

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Genoa Township, Delaware County, Ohio (the Township) as of and for the year ended December 31, 2015 and 2014 and the related notes to the financial statements, and have issued our report thereon dated September 30, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-03(D) permit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-002 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

Township's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

September 30, 2016

**GENOA TOWNSHIP
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Competitive Bidding – Noncompliance

Ohio Rev. Code § 5575.01 (A) states, in the maintenance and repair of roads, the board of township trustees may proceed either by contract or force account, but, unless the exemption specified in division (C) of this section applies, if the board wishes to proceed by force account, it first shall cause the county engineer to complete the force account assessment form developed by the auditor of state under Ohio Rev. Code § 117.16. Except as otherwise provided in Ohio Rev. Code § 505.08 and 505.101, when the board proceeds by contract, the contract shall, if the amount involved exceeds forty-five thousand dollars, be let by the board to the lowest responsible bidder after advertisement for bids once, not later than two weeks, prior to the date fixed for the letting of the contract, in a newspaper of general circulation within the Township. If the amount involved is forty-five thousand dollars or less, a contract may be let without competitive bidding, or the work may be done by force account. Such a contract shall be performed under the supervision of a member of the board or the township road superintendent.

Ohio Rev. Code § 5549.21 states, the board of township trustees may purchase or lease such machinery and tools as are necessary for use in constructing, reconstructing, maintaining, and repairing roads and culverts within the township, and shall provide suitable places for housing and storing machinery and tools owned by the township. It may purchase such material and employ such labor as is necessary for carrying into effect this section, or it may authorize the purchase or employment of such material and labor by one of its number, or by the Township Highway Superintendent, at a price to be fixed by the Board. All payments on account of machinery, tools, material, and labor shall be made from the Township road fund. Except as otherwise provided in Ohio Rev. Code § 505.08, 505.101, and 5513.01, all purchases of materials, machinery, and tools shall, if the amount involved exceeds fifty thousand dollars, be made from the lowest responsible bidder after advertisement, as provided in Ohio Rev. Code § 5575.01.

If, in compliance with Ohio Rev. Code § 505.10, the board wishes to sell machinery, equipment, or tools owned by the township to the person from whom it is to purchase other machinery, equipment, or tools, the board may offer, if the amount of the purchase alone involved does not exceed fifty thousand dollars, to sell such machinery, equipment, or tools and have the amount credited by the vendor against the purchase of the other machinery, equipment, or tools. If the purchase price of the other machinery, equipment, or tools alone exceeds fifty thousand dollars, the Board may give notice to the competitive bidders of its willingness to accept offers for the purchase of the old machinery, equipment, or tools, and those offers shall be subtracted from the selling price of the other machinery, equipment, or tools as bid, in determining the lowest responsible bidder. Notice of the willingness of the board to accept offers for the purchase of the old machinery, equipment, or tools shall be made as a part of the advertisement for bids.

The Township failed to bid road project contracts for \$877,715 and \$516,033 to McCoy Paving and Mid-Ohio Paving, respectively, in 2015, and \$619,894, \$138,241 and 150,453 to McCoy Paving, Mid-Ohio Paving and Scioto Materials, respectively, in 2014.

Failure to properly bid contracts according to the Ohio Revised Code results in non-compliance and the increased potential the Township will not contract with the most qualified vendor at the best price.

**GENOA TOWNSHIP
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(CONTINUED)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)
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FINDING NUMBER 2015-001 (CONTINUED)

Competitive Bidding – Noncompliance (Continued)

We recommend the Township Administrator and the Board of Trustees implement procedures to bid all contracts in accordance with Ohio Rev. Code § 5575.01(A) and 5549.21 for projects exceeding \$45,000 and \$50,000 respectively.

Officials' Response

At the July 7, 2016, Board of Trustee Meeting all Maintenance Department materials bid proposals were presented and approved by The Board of Trustee to ensure future compliance with competitive bidding procedures.

FINDING NUMBER 2015-002

Financial Reporting – Material Weakness

Sound financial reporting is the responsibility of the Township's Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. In addition, GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources. A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements.

The following reclassifications were material to the overall financial statements of the Township and were posted to the financial statements and ledgers at December 31, 2015 and 2014:

- Reclassification of revenues from Miscellaneous to Intergovernmental in the amount of \$25,223 for the General Fund for 2014
- Reclassifications of fund balance from Assigned to Restricted in Special Revenue in the amount of \$51,638 for 2014 and \$135,076 for 2015.
- Reclassifications of fund balance from Unassigned to Assigned in the General Fund in the amount of \$679,284 for 2014 and \$1,090,044 for 2015.
- Reclassifications of fund balance from Restricted to Committed in the Capital Projects Fund in the amount of \$2,742,800 for 2015 and \$2,610,411 for 2014.

The following reclassifications were immaterial to the overall financial statements of the Township and were not posted to the financial statements and ledgers at December 31, 2015 and 2014:

- Reclassification of revenues from Miscellaneous to Intergovernmental for the Fire Fund in the amount of \$23,319 for 2014.
- Reclassification of revenues from Miscellaneous to Intergovernmental for the General Fund in the amount of \$3,000 for 2015.

**GENOA TOWNSHIP
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(CONTINUED)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)**

FINDING NUMBER 2015-002 (CONTINUED)

Financial Reporting – Material Weakness (Continued)

- Reclassification of revenues from Miscellaneous to Intergovernmental for the Fire Fund in the amount of \$2,500 for 2015.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Township continue to develop and enhance policies and procedures over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the Township and thereby increases the reliability of the financial data throughout the year. In addition, the Township should review AOS Bulletin 2011-004 for guidance on GASB Statement No. 54 requirements.

Officials' Response

Fiscal will communicate with all departments to ensure future grant monies are posted correctly. Fiscal Office has consulted with the Auditor of States Office and reviewed previous Auditor Bulletins to ensure future year end fund balances are classified correctly.

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Dave Yost • Auditor of State

GENOA TOWNSHIP

DELAWARE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 17, 2016**



Dave Yost • Auditor of State

MANAGEMENT LETTER

Genoa Township
Delaware County
5111 S. Old 3C Highway
Westerville, OH 43082

To the Board of Trustees:

We have audited the financial statements of Genoa Township, Delaware County, Ohio (the Township) in accordance with *Government Auditing Standards*, as of and for the years ended December 31, 2015 and 2014, and have issued our report thereon dated September 30, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-03(D) permit.

Government Auditing Standards require us to report significant internal control deficiencies, fraud, (including noncompliance with laws and regulations), and also abuse and noncompliance with contracts and grant agreements that could directly and materially affect the determination of financial statement amounts. We have issued the required report dated September 30, 2016, for the years ended December 31, 2015 and 2014.

We are also submitting the following comments for your consideration regarding the Township's compliance with applicable laws, regulations, grant agreements, and contract provisions. These comments reflect matters that do not require inclusion in the *Government Auditing Standards* report. Nevertheless, these comments represent matters for which we believe improvements in compliance or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing these recommendations. However, these comments reflect our continuing desire to assist your Township. If you have questions or concerns regarding these comments please contact your regional Auditor of State office.

NON-COMPLIANCE FINDINGS

Taxable Fringe Benefits

26 CFR § 1.132-6(e)(2) states, if an employer provides a vehicle that is used by an employee exclusively for business purposes and the substantiation requirements are met, there are no tax consequences or reporting required for that use. The use is treated as a working condition fringe benefit. Business use does not include commuting. Employees should maintain records to substantiate that all vehicle use was for business.

26 CFR Reg. § 1.162-2(e) states, commuting between residence and work station is an example of personal use.

NON-COMPLIANCE FINDINGS (Continued)

Taxable Fringe Benefits (Continued)

26 CFR § 1.274-5T(k); 26 CFR § 1.132-5(h) state, use of a qualified nonpersonal use vehicle, including commuting, is excludable to the employee as a working condition fringe benefit if the specific requirements for the type of vehicle are met. Recordkeeping and substantiation by the employee are not required by the Internal Revenue Service (IRS).

26 CFR § 1.274-(k)(2) states, a qualified non-personal use vehicle is any vehicle that the employee is not likely to use more than minimally for personal purposes because of its design. Qualified non-personal use vehicles generally include all of the following:

- Clearly marked police, fire, or public safety officer vehicles (discussed below)
- Unmarked vehicles used by law enforcement officers if the use is officially authorized (discussed below)
- Qualified specialized utility repair truck (discussed below)
- An ambulance or hearse used for its specific purpose
- Any vehicle designed to carry cargo with a loaded gross vehicle weight over 14,000 pounds
- Delivery trucks with seating for the driver only, or the driver plus a folding jump seat
- A passenger bus with a capacity of at least 20 passengers used for its specific purpose
- Construction or specially designed work vehicles, (i.e., bucket trucks, dump trucks, cement mixers, forklifts, garbage trucks)
- School buses
- Tractors, combines and other special-purpose farm vehicles.

The Maintenance Director was provided a standard pickup truck owned by the Township to commute between work and residence. The Maintenance Director did not maintain record of the personal use (i.e. commuting between work and residence) of the Township owned vehicle. The Township did not include a taxable fringe for the personal use of the vehicle on the Maintenance Director's W-2.

Due to the exclusion of the taxable fringe benefits, the Township and the employee are not paying the proper amount of taxes to the IRS.

We recommend the Fiscal Officer and the Board of Trustees develop a policy detailing procedures that satisfy the IRS requirements for the personal use of Township vehicles.

This matter will be referred to the Internal Revenue Service.

Internal Service Fund

Ohio Rev. Code § 9.833 (C) (2) states in part, each political subdivision shall reserve funds necessary for an individual or joint self-insurance program in a special fund that may be established for political subdivisions other than an agency or instrumentality pursuant to an ordinance or resolution of the political subdivision and not subject to the Ohio Rev. Code § 5705.12. An agency or instrumentality shall reserve the funds necessary for an individual or joint self-insurance program in a special fund established pursuant to a resolution duly adopted by the agency's or instrumentality's governing board. The political subdivision may allocate the costs of insurance or any self-insurance program, or both, among the funds or accounts established under this division on the basis of relative exposure and loss experience.

The Township became self-insured on July 1, 2015. The Board of Trustees and management did not establish the required self-insurance fund.

NON-COMPLIANCE FINDINGS (Continued)

Internal Service Fund (Continued)

Failure to create a separate fund for self-insurance activity could result in an inability to accurately monitor the self-insurance activity.

We recommend the Board of Trustees and management establish a self-insurance fund via board resolution and in accordance with Ohio Rev. Code § 9.833.

We intend this report for the information and use of the Board of Trustees, Audit Committee, and management.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large initial "D" and a long, sweeping underline.

Dave Yost
Auditor of State
Columbus, Ohio

September 30, 2016