



Dave Yost • Auditor of State

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# Dave Yost • Auditor of State

To the residents, elected officials, management, and stakeholders of Jefferson Township,

At the request of the Board of Trustees and Township administration, the Auditor of State's Ohio Performance Team conducted a performance audit of the Township to provide an independent assessment of operations. Functional areas selected for operational review were identified with input from Township management and were selected due to strategic and financial importance to the Township. Where warranted, and supported by detailed analysis, this performance audit report contains recommendations to enhance the Township's overall efficiency and effectiveness. This report has been provided to the Township and its contents have been discussed with the appropriate elected officials and Township management.

The Township has been encouraged to use the management information and recommendations contained in the performance audit report. However, the Township is also encouraged to perform its own assessment of operations and develop alternative management strategies independent of the performance audit report. The Auditor of State has developed additional resources to help Ohio governments share ideas and practical approaches to improve accountability, efficiency, and effectiveness.

**SkinnyOhio.org:** This website, accessible at <http://www.skinnyohio.org/>, is a resource for smarter streamlined government. Included are links to previous performance audit reports, information on leading practice approaches, news on recent shared services examples, the Shared Services Idea Center, and other useful resources such as the Local Government Toolkit. The Shared Services Idea Center is a searchable database that allows users to quickly sort through shared services examples across the State. The Local Government Toolkit provides templates, checklists, sample agreements, and other resources that will help local governments more efficiently develop and implement their own strategies to achieve more accountable, efficient, and effective government.

This performance audit report can be accessed online through the Auditor of State's website at <http://www.ohioauditor.gov> and choosing the "Search" option.

Sincerely,

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

Dave Yost  
Auditor of State  
September 29, 2015

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## Table of Contents

Executive Summary .....	1
Purpose and Scope of the Audit.....	1
Performance Audit Overview .....	1
Audit Methodology.....	1
Issue for Further Study.....	2
Summary of Recommendations .....	3
Background.....	4
Recommendations.....	6
R.1 Implement cost sharing methodology for employee health insurance deductibles.....	6
R.2 Eliminate 1.0 FTE administrative position .....	7
R.3 Discontinue retirement pickup fringe benefit.....	8
R.4 Institute a schedule adjustment for firefighters in order to reduce overtime .....	9
R.5 Eliminate 3.0 FTE firefighters .....	9
R.6 Use third party collection services to recover EMS fees .....	10
R.7 Develop a land use plan for parks facilities .....	10
R.8 Explore partnerships for parks maintenance and improvement .....	11
R.9 Develop a performance measurement system for the Zoning Department.....	11
Appendix A: Scope and Objectives .....	133
Appendix B: Additional Information.....	155
Client Response .....	188

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# Executive Summary

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## Purpose and Scope of the Audit

Jefferson Township (the Township), located in Franklin County, requested a performance audit in order to provide an objective assessment of the economy, efficiency, and effectiveness of the Township's operations and management. The following scope areas were selected for detailed review and analysis in consultation with the Township, including the operational structure as well as the Administration, Fire and EMS, Parks, Service and Roads, and Zoning and Building departments. See **Appendix A: Scope and Objectives** for detailed objectives developed to assess operations and management in each scope area.

## Performance Audit Overview

The United States Government Accountability Office develops and promulgates Government Auditing Standards that provide a framework for performing high-quality audit work with competence, integrity, objectivity, and independence to provide accountability and to help improve government operations and services. These standards are commonly referred to as generally accepted government auditing standards (GAGAS).

OPT conducted this performance audit in accordance with GAGAS. These standards require that OPT plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives. OPT believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

This performance audit provides objective analysis to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

## Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the various divisions internally and externally, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources including; peer comparison, industry standards, leading practices, statutory authority, and applicable policies and procedures.

In consultation with the Township, the following Ohio municipalities were identified as peers: Plain (Franklin County), Harlem (Delaware County), Pleasant (Franklin County), Orange (Delaware County), and Madison (Franklin County) townships; and the City of Lancaster (Fairfield County). Where reasonable and appropriate, peer entities were used for comparison. However, in some operational areas, industry standards or leading practices were used for

primary comparison. Sources of industry standards or leading practices used in this audit include: the Government Finance Officers Association (GFOA), the Society for Human Resource Management (SHRM), the Ohio State Employee Relations Board (SERB), and the Centers for Medicare and Medicaid Services.

The performance audit involved information sharing with the Township, including drafts of findings and recommendations related to the identified audit areas. Periodic status meetings throughout the engagement informed the Township of key issues impacting selected areas, and shared proposed recommendations to improve operations. The Township provided verbal and written comments in response to various recommendations, which were taken into consideration during the reporting process.

AOS and OPT express their appreciation to the elected officials, management, and employees of Jefferson Township for their cooperation and assistance throughout this audit.

### **Issue for Further Study**

Issues are sometimes identified by AOS that are not related to the objectives of the audit but could yield economy and efficiency if examined in more detail. The following issue for further study was identified during the course of this audit.

**Zoning Department Efficiency:** The Zoning Department does not have a centralized mechanism for planning, organizing, and completing its work. According to the Zoning Administrator, employees must decide whether their time will be used assisting walk-in customers or tending to already scheduled work and commitments. The Township should review whether reconfiguring office hours would assist in allowing employees to prioritize work.

## Summary of Recommendations

The following table summarizes performance audit recommendations and financial implications, where applicable.

### Summary of Recommendations

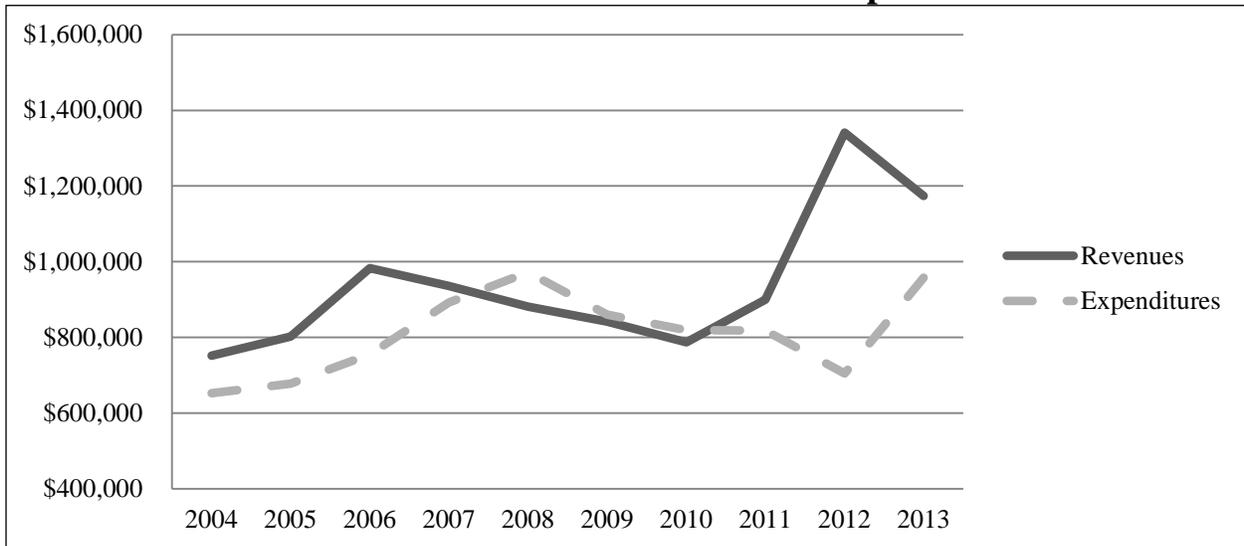
Recommendations	Savings
<b>R.1 Implement cost sharing methodology for employee health insurance deductibles</b>	\$7,100
<b>R.2 Eliminate 1.0 FTE administrative position</b>	\$104,500
<b>R.3 Discontinue retirement pickup fringe benefit</b>	\$223,700
<b>R.4 Institute a schedule adjustment for firefighters in order to reduce overtime</b>	\$8,300
<b>R.5 Eliminate 3.0 FTE firefighters</b>	\$216,700
<b>R.6 Use third party collection services to recover EMS fees</b>	N/A
<b>R.7 Develop a land use plan for parks facilities</b>	N/A
<b>R.8 Explore partnerships for parks maintenance and improvement</b>	N/A
<b>R.9 Develop a performance measurement system for the Zoning Department</b>	N/A
<b>Total Cost Savings from Performance Audit Recommendations</b>	<b>\$560,300</b>

# Background

The Township provides services for over 10,000 residents related to zoning and building permits, parks, road and bridge maintenance, cemetery maintenance, fire protection and EMS. Due to expected increases in development and population, the Township expects future operating budgets to increase. These expected increases, along with collective bargaining agreement renegotiations, provided the impetus for the Township to request a performance audit of select operational areas.

**Chart 1** illustrates the historical revenue and expenditures for the General Fund, providing insight on the total size and annual fluctuations of the Township’s budget.

**Chart 1: General Fund Revenues and Expenditures**



Source: AOS Financial Audits and Uniform Accounting Network (UAN)

As shown in **Chart 1**, the Township experienced an approximate \$400,000 growth in revenues during the period shown. Prior to the significant spike in revenues that occurred from 2010 to 2012, the Township incurred a four year period of deficit spending.

## Fire Department

The Fire Department operates with 22 full-time and 25 part-time firefighters and a full-time equivalent (FTE) administrative assistant and provides direct EMS, all-hazard emergency response, and fire prevention services to the Township as well as parts of the cities of Reynoldsburg and Gahanna. The Department also participates in mutual aid services with other entities in Franklin County, and entities in the surrounding counties.

The operational performance of the Fire Department was assessed using certain key performance indicators (KPIs). **Table 1** contains a comparison using KPIs of the Township and peer fire departments.

**Table 1: Fire Department KPIs**

	<b>Jefferson Township</b>	<b>Peer Average</b>	<b>Difference</b>	<b>% Difference</b>
2013 Expenditures	\$3,682,600	\$2,499,642	\$1,182,958	47.3%
2010 Census Population	10,972	14,577	(3,605.0)	(24.7%)
Area (Square Miles)	15.8	20.7	(4.9)	(23.7%)
Total FTEs <sup>1</sup>	29.5	29.5	0.0	0.0%
Fire Calls	589	405	184.0	45.4%
EMS Calls	1,238	1,690	(452.0)	(26.7%)
Expenditures per Resident	\$336	\$171	\$165	96.5%
Expenditures per Square Mile	\$233,076	\$120,659	\$112,417	93.2%
Calls per FTE Fire Staff	61.9	71.0	(9.1)	(12.8%)
EMS-to-Fire Calls	2.1	4.2	(2.1)	(50.0%)

<sup>1</sup>Does not include clerk/secretary FTEs.

Source: Jefferson Township, peer townships, and the US Census Bureau

As shown in **Table 1**, the Township incurred significantly higher expenditures per resident and per square mile than the peer average. In addition, Township FTEs experienced a lower workload, as witnessed by a call per FTE ratio that was approximately 13 percent lower than the peers.

# Recommendations

## R.1 Implement cost sharing methodology for employee health insurance deductibles

Table 2 shows a comparison of the Township's insurance premiums compared to the SERB averages.

**Table 2: Insurance Premium Comparison to SERB Averages**

Plan Type	# Plans	Premium	Monthly Cost	Premium Plus	Monthly Cost	SERB Premium	Monthly Cost	% Difference
Single	6	\$403	\$2,418	\$518	\$3,108	\$595	\$3,570	(13%)
Family	28	\$1,054	\$29,512	\$1,169	\$32,732	\$1,545	\$43,260	(24%)
		<b>Monthly Totals</b>	\$31,930		\$35,840		\$46,830	(23%)
		<b>Annual Totals</b>	\$383,160		\$430,080		\$561,960	(23%)

Source: Jefferson Township and SERB

Table 2 shows that although the Township has higher deductible costs, premium costs are still lower than the SERB averages. Despite premiums being lower than the SERB average, further analysis was completed on the Township's plan structure and offerings.

The Township offers its employees a High Deductible Health Plan (HDHP) coupled with an employer funded Health Reimbursement Account (HRA).<sup>1</sup> According to the 22<sup>nd</sup> Annual Report on the Cost of Health Insurance in Ohio's Public Sector (Ohio State Employee Relations Board (SERB), 2014), HDHPs are growing in popularity (25.6 percent of medical plans Statewide), as they feature lower premiums compared to other managed care and traditional insurance plans. More than 50 percent of townships reporting to SERB have health plans in the high deductible category.

In 2014, the Township provided health insurance to 34 employees. Under the HDHP, employees are subject to a \$5,000 and \$15,000 deductible for single and family plans, respectively. In comparison, in 2014, SERB reported the employer contributions to employee deductibles for eligible medical plans. For single coverage, only 6.1 percent of employer contributions exceeded \$2,500, with the largest percent (38.4 percent) contributing less than \$1,000. For family coverage, 16.7 percent of employer contributions exceeded \$3,500, with the largest percent (41.9 percent) contributing less than \$2,000. The Township's deductibles are significantly higher than reported by SERB. The accompanying HRA, funded by the Township, covers up to 100 percent of these deductibles. In 2013, employee medical claims ranged from no claims (\$0) to \$8,157, depending on the level of medical insurance used, and the Township reimbursed a total of \$46,800 of employee medical expenses.

<sup>1</sup> HRAs are employer-funded accounts that reimburse employees for out-of-pocket medical expenses.

The Township's premium contributions<sup>2</sup> for all 34 covered employees and total reimbursements of employee medical expenses were examined collectively to calculate an average total cost per employee of \$12,083. This total cost was 8.5 percent below the 2014 SERB reported average annual total cost per employee for medical coverage of \$13,200.

Although the Township's total medical costs were below the SERB averages, the structure of the HDHP and HRA puts the Township at risk with a high liability of increased financial responsibility if employees were to incur more medical expenses than in recent years. For example, if all 34 of the Township's covered employees used health insurance to the maximum level, meeting the respective single and family deductibles of \$5,000 and \$15,000, the Township could potentially be required to reimburse \$450,000 in medical expenses.<sup>3</sup> While this scenario is highly unlikely, it is important to evaluate when determining the level of employer contributions to the Township's HRA.

Peer townships that provide an HRA to covered employees often require that the employee pay the first portion of the deductible before reimbursements are provided by the employer. Norwich Township (Franklin County) requires employees with single and family plans to pay \$200 and \$400, respectively, towards the deductible before it releases funds from the HRA. A similar requirement in Jefferson Township would not only alleviate a portion of the Township's financial responsibility but also may help to ensure employees are aware of insurance costs and restrict potential employees from taking advantage of fully paid expenses.

Financial Implication: Implementing a \$200 and \$400 employee paid deductible for single and family coverage, respectively, would save the Township **\$7,100** annually.

## **R.2 Eliminate 1.0 FTE administrative position**

The Township employed 3.2 FTE administrative employees including: the Township Administrator, Fiscal Administrator, Administrative Assistant (all 1.0 FTE), and a Special Projects Assistant (0.2 FTE). The Fiscal Administrator works in conjunction with the Township Fiscal Officer<sup>4</sup> to manage the Township's finances and administer benefits. **Table 3** provides an administrative staffing comparison.

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<sup>2</sup> The Township contributes 95.0 percent of the health insurance premiums for covered employees while the remaining 5.0 percent is paid by the employee through payroll deductions.

<sup>3</sup> Calculated by multiplying the 6 employees on the single plan by \$5,000; and the 28 employees on the family plan by \$15,000.

<sup>4</sup> The Fiscal Officer is a separately elected official in the Township and is not included in the administrative staffing assessment.

**Table 3: Administrative Staffing Comparison**

	Jefferson Township	Peer Average	Difference
Population	10,272	12,775	(19.6%)
Administrative FTEs	3.2	2.2	45.5%
Total FTEs	48.9	53.8	(9.1%)
<b>Administrative FTEs per 1,000 Population</b>	<b>0.31</b>	<b>0.17</b>	<b>82.4%</b>
<b>Township FTEs per Administrative FTE</b>	<b>15.2</b>	<b>24.5</b>	<b>(38.0%)</b>

Sources: Jefferson Township and peers

As shown in **Table 3**, Jefferson Township employs more administrative employees per 1,000 population in comparison to the peer average. Further, each administrative employee supports fewer township FTEs than the peers.

**Financial Implication:** Eliminating 1.0 FTE administrative position could save the Township **\$104,500** annually in salaries and benefits.

### **R.3 Discontinue retirement pickup fringe benefit**

***Subsequent Event:*** *The Board of Trustees agreed to reduce retirement pickup fringe benefit over three years for Fire Department staff and five years for other Township staff. The Township estimates cumulative savings from this benefit reduction of \$54,000 by 2017 for Fire Department staff and \$40,000 by 2019 for other Township staff.*

The Township employs 35.0 FTE employees, all of which are enrolled in the Ohio Public Employees Retirement System (OPERS) or the Ohio Police and Fire Pension Fund (OPFPF). All employees receive a full retirement pickup by the Township. OPERS requires employees to contribute 10.0 percent and employers to contribute 14.0 percent, and the OPFPF requires employees to contribute 11.5 percent and employers to contribute 24.0 percent, of an employee's gross salary into the pension fund. Therefore, the Township is paying both the employee and employer contribution amounts. In comparison, Mifflin and Truro Townships in Franklin County offered the retirement pickup benefit while Blendon and Plain Townships did not.

The Township should consider discontinuing the retirement pickup fringe benefit for employees. Although it is common for employers to use the salary reduction method by which the employer deducts the employee's contribution from his or her paycheck, only two of the four area townships examined provide this benefit. Paying the employee share of retirement contribution allows some local governments to control administrative salary costs and attract personnel by offering these fringe benefits, however, increases in the Township's operating costs may result in the need to identify and implement expenditure reduction measures.

**Financial Implication:** Requiring employees to pay their full retirement contribution would save approximately **\$223,700** annually. Based on 2013 data, eliminating the retirement benefit for its non-bargaining unit staff, could save \$56,900, and eliminating this benefit for bargaining unit members would yield a savings of \$166,800.

#### R.4 Institute a schedule adjustment for firefighters in order to reduce overtime

Township firefighters work a 28 day work period using a three platoon system, with shifts being 24 hours on/48 hours off. Firefighters work either 216 or 240 hours during the course of the 28 day work period, depending on whether nine or ten shifts are worked. Because shift schedules are based on a 28 day work period, using a three platoon system results in an additional shift (hence 216 versus 240 hours) for one platoon per work period.

According to the Fair Labor Standards Act (FLSA), firefighters are authorized to work up to an average of 212 hours in a 28 day period at regular pay. Any hours worked that may cause the hourly average to rise above 212 hours per 28 day period must be compensated at an overtime rate of at least one and one-half times the current hourly rate of pay. While the Township's CBA stipulates that FLSA overtime be paid at only half time, any unscheduled overtime is still paid at time and a half of the full-time firefighter's pay. Whenever a full-time firefighter is sick, injured, or on vacation, the Fire Department will make efforts to use another full-time firefighter to maintain appropriate staffing levels. This costs the Department more than using part-time fire fighters.

A common method of controlling Fire Department overtime is to implement the use of Kelly days. A Kelly day is a day off taken at a scheduled interval in addition to normal time off or vacation. The use of a three platoon system coupled with the use of Kelly days would result in full-time Township firefighters working 216 hours during the course of the 28 day work period. The remaining hours would be covered by part-time firefighters, at a regular rate of pay. With the current three platoon system, full-time staffing levels, and shift manning policies in place, the Township will have paid over 2,600 hours of scheduled overtime, and 1,200 hours of unscheduled overtime in 2014. Instead of using full-time firefighters to cover the overtime hours, full-time firefighters should be given Kelly days, and part-time firefighters should be used to cover Kelly day hours and ultimately reduce overtime costs.

Financial Implication: Implementing the use of Kelly days could save the township up to **\$8,300** in overtime costs annually.

#### R.5 Eliminate 3.0 FTE firefighters

**Table 5** shows Fire Department staffing levels and workload in comparison to the peers based on 2013 data.

**Table 5: Fire Department Staffing Analysis**

	<b>Jefferson Township</b>	<b>Peer Average</b>	<b>Difference</b>	<b>Percentage Difference</b>
Total Calls	1,827.0	2,095.5	(268.5)	(12.8%)
Fire Staff FTEs <sup>1</sup>	29.5	29.5	0.0	0.0%
Calls per FTE Fire Staff	61.9	71.0	(9.1)	(12.8%)
<b>Fire Staff Above/(Below) Peer Average</b>				<b>(3.8)</b>

Source: Jefferson Township and peers

<sup>1</sup> Does not include clerk/secretary FTEs

As shown in **Table 5**, the Township had a calls-per-staff ratio that was approximately 13 percent lower than the peer average. In order to bring staffing in line with this average, the Township would have to reduce 3.8 FTE staff.

The Fire Department's staffing plan calls for the operation of one engine company, one ladder company, and two medic units. During the course of this audit, the Township placed the ladder company out of service adding between 1 to 3 additional FTEs per day to cover the remaining units. The reduction of 3.0 FTEs would not impact the continued operation of the in-service units.

Financial Implication: Eliminating 3.0 FTE firefighters could save the Township **\$216,700** in salaries and benefits annually.

### **R.6 Use third party collection services to recover EMS fees**

The Township collected 43 percent of the billed invoices for EMS services in 2013. This is slightly lower than the national average of 44 percent, as stated by the *EMS System Performance-based Funding and Reimbursement Model* (National EMS Advisory Council, 2012). This percentage of receipts relates in part to the fact that insurance companies are not obligated to reimburse 100 percent of the cost of services. The legal obligation for reimbursements from the federal insurance providers Medicare and Medicaid ranges from 40 to 60 percent, depending on the service.

A factor in the Township's EMS collections is the low recovery rate from those who pay without the help of insurance companies, known as self-payers. In 2013, the Fire Department provided over \$67,000 in EMS services for self-payers, and only recovered approximately \$12,400. The Township uses a soft billing technique, which means that patients are billed three times. If no payment is made after the third bill, the Township writes off the charge.

The Collections Enforcement Section of the Ohio Attorney General's (AG) Office offers collections services to government entities in order to assist in recovering outstanding fees. According to the AG's Office, the Collections Enforcement Section has the authority by law (ORC § 131.02) to collect outstanding debt owed to the State for State agencies, institutions, boards, commissions, public universities and hospitals, and local government entities. For this service, the AG's Office charges around 10 percent of fees recovered, depending on the types of services employed to collect the fees.

The Township should use a third party collection service to increase collection of fees from self-payers. Using a service, such as the AG's Collection Enforcement Section, would enable EMS collections to increase with no rise in Township expenditures since fees are based on collections.

### **R.7 Develop a land use plan for parks facilities**

The Township owns five parks and leases a property from Columbus and Franklin County Metro Parks for a total park space of 146 acres. The Township does not have a land use plan that would provide guidance on the allocation of resources and ensure that park facilities are adequate. In

2013, the Township expended over \$108,000 on salaries, maintenance, and capital projects for parks; however, the number of planned projects exceeded the funding available in the budget. As a result, the development and upkeep of this level of facilities may continue to exceed funding and allow for deterioration of the Township parks.

The City of Dublin, Ohio completed a parks master plan in 2009 and uses it to understand the past, assess the present, and envision the future of the parks system. The plan addresses the physical aspects (land, facilities, and environment), recreation services, and operations and maintenance components to determine how each asset will assist in accomplishing the Township's mission. The document also summarizes existing conditions and findings, while prioritizing recommendations. The plan also provides a course of action to address recommendations.

The Township should develop a land use plan for its parks facilities. Developing such a plan would help to ensure that resources are being allocated efficiently and effectively. Further, a comprehensive plan would assess and prioritize current needs to ensure that each of the Township's parks is adding value to the community and assisting in accomplishing its mission.

### **R.8 Explore partnerships for parks maintenance and improvement**

Blacklick Ridge Community Park is located within a home owner association (HOA) subdivision, but is owned and maintained by the Township. The HOA has expressed interest in purchasing the park, but Township citizens have resisted privatizing local parks. Jefferson Community Park was acquired in 1979 prior to the surrounding subdivision development. The Township should examine possible partnership opportunities with the HOAs and this park property.

The City of Dublin (OH) partners with HOAs to maintain city-owned parks and recreation property located within HOA subdivisions. This includes maintaining structures (such as shelter houses, tennis and basketball courts, and athletic fields) and mowing. Thus, while the City owns the parks and recreation facilities, the HOAs provide maintenance services.

Exploring partnerships with outside entities for parks maintenance and improvement would reduce the amount of Township money needed to maintain the parks and recreation facilities. Forging partnerships would not be a new practice for the Township, as Jefferson Run Park (which is adjacent to Licking Heights West Elementary School) has an agreement whereby the Licking Heights Local School District assists with maintenance of the park. Similar agreements should be explored with HOAs. Further, the Township could either reassign maintenance and mowing staff to other areas that require more attention or eliminate the positions, saving the Township money and resources.

### **R.9 Develop a performance measurement system for the Zoning Department**

**Table 6** contains a comparison of Zoning and Building Department operational ratios to the peer average.

**Table 6: Zoning and Building Department Operational Comparison**

	Jefferson Township	Peer Average	Difference
Population	10,272	11,684	(12.1%)
Zoning Employees (FTE)	2.7	1.4	95.3%
Compliances/Inspections (FY 2013)	373	236	58.1%
Annual Office Hours	1,872	1,352	38.5%
<b>Operational Efficiency</b>			
Compliances per Office Hour	0.2	0.8	(75.4%)
Zoning FTE per 1,000 Population	0.3	0.1	122.1%
Compliances per Zoning FTE	138.2	170.7	(19.1%)

Source: Jefferson Township and peers (excluding Howland Township)

**Table 6** shows that the Township has more Zoning and Building Department staff than the peer average but has fewer compliance/inspections per zoning FTE. However, the Township's system is manual in operation and paper-based, resulting in the need for more labor hours.

The Zoning Department does not have a comprehensive performance measurement system. The number of compliances and permits are tracked, but the Township does not track complaints, inspections, or other tasks completed by staff. Data is compiled into monthly and annual reports, but is not used to assess performance or inform management decisions.

*Performance Management for Decision Making* (GFOA, 2007) recommends that program and service performance measures be developed and used as an important component of long term strategic planning and decision making. Performance measures should:

- Be based on program goals and objectives that tie to a stated mission and purpose;
- Measure program outcomes;
- Provide for resource allocation over time;
- Measure efficiency and effectiveness for continuous improvement;
- Be verifiable, understandable, and timely;
- Be reported internally and externally;
- Be monitored and used in managerial decision-making processes;
- Be limited in degree and complexity to provide efficient and effective program assessment; and
- Be designed to motivate staff at all levels to contribute to organizational improvement.

The Township should develop a performance measurement system for the Zoning Department. Developing such a system would enable Township administrators to make more informed decisions regarding zoning staff, technology, workload and services. For example, tracking complaints would not only indicate issues that may need action from the Board of Trustees, but also indicate the level of community satisfaction with Zoning Department actions. Implementing a performance measurement system will also identify strengths, weaknesses, and opportunities for improvement. Subsequent to developing and using a performance management system, the Township should use key measures to assess efficient staffing levels.

## **Appendix A: Scope and Objectives**

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Generally accepted government auditing standards require that a performance audit be planned and performed so as to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. Objectives are what the audit is intended to accomplish and can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria.

In consultation with the Township, OPT identified the following scope areas for detailed review: the operational structure as well as the Administration; Fire and EMS; Parks; Service and Roads; and Zoning and Building departments. Based on the agreed-upon scope, OPT developed objectives designed to identify improvements to economy, efficiency, and/or effectiveness.

This report contains the results of analyses and conclusions which were significant and material to the audit scope and objectives. However, not all analyses resulted in reportable conclusions. The results of these analyses and conclusions were shared with the Township during the course of the audit, but are not included in this report.

Objectives and scope areas assessed in this performance audit include:

**Table A-1: Scope and Objectives**

Objective	Recommendation
<b>Township Operational Structure</b>	
What is the operational structure and how does it compare to peer structures?	N/A
How do health care coverage and costs compare to peers and benchmarks?	R.1
What is the revenue and expenditure trend over a three-year period and how does it compare to a peer average?	<b>Background, Appendix B</b>
<b>Administration</b>	
What are the staffing levels in this area and how do they compare with peers?	R.2
How does salary and compensation compare to peers?	R.3
How does staffing workload compare to the peers and benchmarks?	R.2
<b>Fire &amp; EMS</b>	
What are the staffing levels in this area and how do they compare with peers?	R.5
How does salary and compensation expenses compare to peers?	R.4
How does staffing workload compare to the peers and benchmarks?	<b>Background, Table 1</b>
How does the collective bargaining agreement compare with the peers and leading practices?	N/A
How does the Township bill for EMS fees?	R.6
<b>Parks</b>	
What are the staffing levels in this area and how do they compare with peers?	N/A
How does salary and compensation expenses compare to peers?	N/A
How does staffing workload compare to the peers and benchmarks?	<b>R.7, R.8, Appendix B</b>
<b>Service &amp; Roads</b>	
What are the staffing levels in this area and how do they compare with peers?	N/A
How does salary and compensation expenses compare to peers?	R.1
How does staffing workload compare to the peers and benchmarks?	<b>Appendix B</b>
<b>Zoning &amp; Building</b>	
What are the staffing levels in this area and how do they compare with peers?	N/A
How does salary and compensation expenses compare to peers?	R.1
How does staffing workload compare to the peers and benchmarks?	<b>R.9, Issue for Further Study</b>

Note: Scope objectives marked as N/A represent reviews and assessments that did not yield recommendations or issues for further study.

## Appendix B: Additional Information

**Table B-1** shows a comparison of the Township's overall financial condition compared to the peer average.

**Table B-1: 2013 All Funds Financial Comparison**

	Jefferson Township	Peer Average	Difference	% Difference
Beginning Balance	\$2,327,356	\$5,299,805	(\$2,972,449)	(56.1%)
Revenues	\$4,568,057	\$6,303,371	(\$1,735,314)	(27.5%)
Expenditures	\$4,962,452	\$5,479,970	(\$517,518)	(9.4%)
Ending Fund Balance	\$1,932,961	\$6,123,207	(\$4,190,245)	(68.4%)
<b>Expenditures as % of Revenue</b>	<b>108.6%</b>	<b>86.9%</b>	<b>21.7%</b>	<b>N/A</b>

Source: Jefferson Township and Peers

As shown in **Table B-1**, the Township's overall financial performance lags the peer average. Specifically, the Township experienced a decline in its ending fund balance and had expenditures that exceeded revenues by 8.6 percent. In contrast, the peer average showed revenues that greatly exceed expenditures and a resulting increase in the average year end fund balance.

**Table B-2** compares the financial condition of the Township's General Fund to the peer average.

**Table B-2: 2013 General Fund Comparison**

	Jefferson Township	Peer Average	Difference	% Difference
Beginning Balance	\$1,159,840	\$1,307,619	(\$147,779)	(11.3%)
Revenues	\$1,173,720	\$1,686,531	(\$512,811)	(30.4%)
Expenditures	\$957,606	\$1,428,256	(\$470,650)	(33.0%)
Ending Fund Balance	\$1,375,954	\$1,565,894	(\$189,940)	(12.1%)
<b>Expenditures as % of Revenue</b>	<b>81.6%</b>	<b>84.7%</b>	<b>(3.1%)</b>	<b>N/A</b>

Source: Jefferson Township and peers

As shown in **Table B-2**, the Township had similar General Fund operating results to the peer average, expending only 81.6 percent of 2013 revenues. Financial results shown in **Table B-2** signify that the Township's below average financial results indicated in **Table B-1** can be attributed to Special Revenue Funds, not the General Fund.

**Table B-3** shows a comparison of the Township's Special Revenue Funds to the peer average. The Township's Special Revenue Funds consist of the following: Motor Vehicle License Tax Fund, Gasoline Tax Fund, Road/Bridge Fund, Cemetery Fund, Road District Fund, and the Fire Levy Fund. The number and type of funds that make up the Special Revenue Funds fluctuates between townships based on services offered.

**Table B-3: 2013 Special Revenue Fund Comparison**

	Jefferson Township	Peer Average	Difference	% Difference
Beginning Balance	\$1,167,516	\$3,873,276	(\$2,705,761)	(69.9%)
Revenues	\$3,394,337	\$4,638,816	(\$1,244,479)	(26.8%)
Expenditures	\$4,004,845	\$4,213,518	(\$208,672)	(5.0%)
Ending Fund Balance	\$557,007	\$4,298,574	(\$3,741,567)	(87.0%)
<b>Expenditures as % of Revenue</b>	<b>118.0%</b>	<b>90.8%</b>	<b>27.2%</b>	<b>N/A</b>

Source: Jefferson Township and peers

As shown in **Table B-3**, the Township's Special Revenue Funds outspent revenues generated. This differed from the peer average, which signified fiscally prudent operations in these fund types. Poor performance of the Township's Special Revenue Funds can be the result of lack of sufficient revenues, increased expenditures brought about by inefficient operations, or a combination of both. Because of this, a majority of the objectives in this audit were designed to assess the operations of these Special Revenue Funds.

### *Operational Comparisons*

**Table B-4** contains a comparison of Service and Roads Department staffing to the peer average.

**Table B-4: Service and Roads Department Staffing and Operational Ratios**

	Jefferson Township	Peer Average	Difference
Population	10,272	12,775	(19.6%)
Staff FTEs	4.0	7.0	(42.4%)
Center Lane Miles	46.0	60.8	(24.4%)
FTEs per 1,000 Population	0.4	0.5	(26.2%)
<b>Center Lane Miles per FTE</b>	<b>11.5</b>	<b>11.0</b>	<b>5.0%</b>

Source: Jefferson Township and peers

**Table B-4** shows that Township Service and Roads Department staff maintained more center lane miles per FTE than the peer average.

**Table B-5** contains a comparison of Parks Department staffing to the peer average.

**Table B-5: Parks Department Staffing and Operational Ratios**

	<b>Jefferson Township</b>	<b>Peer Average</b>	<b>Difference</b>
Population	10,272	12,878	(20.2%)
Number of Parks	6.0	4.5	33.3%
Parks & Recreation FTE's	1.0	0.9	5.7%
Total Parks Acreage	146.0	68.6	112.9%
Number of Parks Shelter Houses	4	2	128.6%
Number of Parks per 1,000 Population	0.58	0.35	67.2%
<b>Acres per FTE</b>	<b>146.0</b>	<b>73.2</b>	<b>101.5%</b>

Sources: Jefferson Township and peers (including the addition of Miami Township)

**Table B-5** shows that the Township Parks Department employees maintain more acreage per FTE than the peer average.

## **Client Response**

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The letter that follows is the City's official response to the performance audit. Throughout the audit process, staff met with City officials to ensure substantial agreement on the factual information presented in the report. When the City disagreed with information contained in the report, and provided supporting documentation, revisions were made to the audit report.



# Jefferson Township

6545 Havens Road • Blacklick, Ohio 43004-9743

[www.jeffersontownship.org](http://www.jeffersontownship.org)

September 24, 2015

Mr. David Yost  
Auditor of State  
88 East Broad Street, 5<sup>th</sup> Floor  
Columbus, OH 43215

The Jefferson Township Board of Trustees would like to thank the entire Performance Audit team for their time and effort in preparing the audit report for our community. The Township engaged in this audit process to identify opportunities for streamlining our operations and reducing costs in order to improve the efficiency of our services. Legislative changes in the funding of Townships, including the elimination of Estate Taxes and the reduction of Local Government funding, have necessitated a review of our operational costs. While the primary focus of the Performance Audit was to identify cost savings, the Jefferson Township Board of Trustees believes service delivery and quality improvement need to drive our efforts for cost containment. We appreciate and applaud the Auditor of State's Performance Audit program and the resources that it brings to the table.

The following are nine recommendations from the audit team and our responses. Even before the Performance Audit was released, the management team and Board had planned for and implemented many of the cost saving recommendations.

### **R.1. Implement cost sharing methodology for employee health insurance deductibles**

The Township is in the process of evaluating our insurance benefits in an effort to reduce risk and costs. As was noted in the Audit, the Township's medical coverage costs are 8.5% below SERB averages. The Township's current policy renews in January and the Board will determine what changes may be implemented prior to this renewal. The Township did increase the employee contribution for healthcare premiums from 5% to 8% beginning January 1, 2015.

### **R.2. Eliminate 1.0 FTE administrative position**

Based on this recommendation the Board and management team will engage in a review of job duties and responsibilities. We believe that this study will assist us in evaluating our administrative staffing needs.

### **R.3. Discontinue retirement pickup fringe benefit**

As noted in the Performance Audit, the Township has enacted legislation to eliminate the PERS pick up over 5 years for existing employees and has eliminated all pick up for new

#### **Board of Trustees**

**Administrator**  
**Fiscal Officer**  
855-4260  
Fax 855-3761

**Zoning Department**  
855-4265  
Fax 855-1759

**Fire Department**  
861-3757  
Fax 861-0968

**Service Department**  
861-2440  
Fax 552-6464

employees starting in December 2014. In addition, the Fire Department pick up (OP&F) is being reduced by 2% annually through the three years of the current contract with the firefighters union.

**R.4. Institute a schedule adjustment for firefighters in order to reduce overtime**

The Board and Fire Chief have reviewed the recommendation for the use of Kelly days. At this time, we believe that the savings indicated would be difficult to obtain given the Townships challenge in recruiting and retaining dependable part time staff. In addition, when part time staff is not available it requires full-time staff to cover vacancies. Coverage with full-time staff would incur cost prohibitive overtime in excess of the AOS cost savings estimate.

**R.5. Eliminate 3.0 FTE firefighters**

In May of 2014 the Board removed the ladder truck from service. At that time, part time staffing levels were reduced to reflect the reduction in services. One FTE per shift (part time staff positions), were eliminated and not replaced after the May 2014 levy was not passed. The Township liquidated the ladder truck in 2015, and we will continue to evaluate the quality and timeliness of our fire and emergency medical services.

**R.6. Use third party collection services to recover EMS fees**

It should be noted that the current collection rate is only one percent below the national average. The Fiscal Administrator will contact the Ohio Attorney General's (OAG) Office to discuss the services they offer. In addition, the Fiscal Administrator will contact the Township's current billing service to determine how past due accounts can be identified and what documentation can be provided to the OAG. The Fiscal Administrator and Fire Chief will make a joint recommendation to the Board prior to 12/31/2015 to reconsider "soft billing".

**R.7. Develop a land use plan for parks facilities**

In June 2015, the Township began the development of a comprehensive plan for our community. The comprehensive plan will evaluate current resources and infrastructure within Jefferson Township and establish a plan for future growth. Parks and township land use will be components for the comprehensive plan, and subsequent master plans for individual topics such as parks and recreation will follow.

**R.8. Explore partnerships for parks maintenance and improvement**

In late 2014 the Township partnered with the Blacklick Ridge Homeowners Associations (HOA) to apply for a parks improvement grant. The Township was awarded \$95,759 in grant funding. The local HOA contributed half of the required local match (\$16,600). The township will continue to explore partnerships for both maintenance and improvement of our existing and future parks.

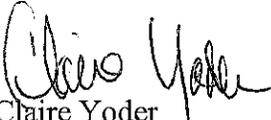
**R.9. Develop a performance measurement system for the Zoning Department**

The Zoning Administrator is in the process of contacting other Zoning and Building Departments to identify and develop best practices. This research will be used to develop a performance measurement system for the department consistent with the key points outlined on page 12 of the Performance Audit.

Jefferson Township is working towards developing Performance Management standards for all departments. The objective is to continue the process which was partially started when the Township engaged the AOS in the Performance Audit. The Board and management team will direct our efforts not only towards cost containment but towards quality improvement. We feel that by providing our residents and other "customers" with quality services that can be documented and benchmarked against our peers, we will be able to continue to have the support of the people that elected us to serve their community.

Thank you again for your valuable assistance. We appreciate your positive feedback in the areas where the township is performing at high levels and delivering services in a cost effective manner.

Sincerely,

  
Claire Yoder  
Chair

  
Rich Courter  
Vice Chair

  
Mike Rowan  
Trustee



# Dave Yost • Auditor of State

**JEFFERSON TOWNSHIP**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 29, 2015**