



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, 2017 and 2016.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2017 and 2016, and the respective changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Genoa Township, Delaware County as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2018, 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 25, 2018

**Genoa Township***Delaware County, Ohio**Combined Statement of Receipts, Disbursements**and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2017*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$1,269,352	\$11,086,183	\$0	\$0	\$12,355,535
Charges for Services	0	200,190	0	0	200,190
Licenses, Permits and Fees	65,622	2,950	0	0	68,572
Fines and Forfeitures	21,918	830	0	0	22,748
Intergovernmental	223,496	1,439,407	0	212,241	1,875,144
Earnings on Investments	118,785	2,222	0	738	121,745
Miscellaneous	32,156	69,408	0	0	101,564
<i>Total Cash Receipts</i>	<u>1,731,329</u>	<u>12,801,190</u>	<u>0</u>	<u>212,979</u>	<u>14,745,498</u>
<b>Cash Disbursements</b>					
Current:					
General Government	1,338,405	115,996	0	0	1,454,401
Public Safety	0	7,687,689	0	0	7,687,689
Public Works	0	1,726,582	0	0	1,726,582
Health	0	4,515	0	0	4,515
Conservation-Recreation	166,526	0	0	0	166,526
Capital Outlay	74,230	1,607,270	0	377,727	2,059,227
<i>Total Cash Disbursements</i>	<u>1,579,161</u>	<u>11,142,052</u>	<u>0</u>	<u>377,727</u>	<u>13,098,940</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>152,168</u>	<u>1,659,138</u>	<u>0</u>	<u>(164,748)</u>	<u>1,646,558</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In	0	0	0	196,000	196,000
Transfers Out	0	(196,000)	0	0	(196,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>(196,000)</u>	<u>0</u>	<u>196,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>152,168</u>	<u>1,463,138</u>	<u>0</u>	<u>31,252</u>	<u>1,646,558</u>
<i>Fund Cash Balances, January 1</i>	<u>2,113,089</u>	<u>9,668,477</u>	<u>1,387</u>	<u>2,901,209</u>	<u>14,684,162</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	0	11,131,615	1,387	0	11,133,002
Committed	0	0	0	2,932,461	2,932,461
Assigned	115,739	0	0	0	115,739
Unassigned	2,149,518	0	0	0	2,149,518
<i>Fund Cash Balances, December 31</i>	<u>\$2,265,257</u>	<u>\$11,131,615</u>	<u>\$1,387</u>	<u>\$2,932,461</u>	<u>\$16,330,720</u>

*See accompanying notes to the financial statements*

**Genoa Township**  
*Delaware County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary Fund Types*  
*For the Year Ended December 31, 2017*

	<u>Proprietary Fund Types</u>
	<u>Internal Service</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$1,709,530
<i>Total Operating Cash Receipts</i>	<u>1,709,530</u>
<b>Operating Cash Disbursements</b>	
Purchased Services	199,326
Claims	1,510,204
<i>Total Operating Cash Disbursements</i>	<u>1,709,530</u>
<i>Operating Income (Loss)</i>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	0
<i>Fund Cash Balances, January 1</i>	<u>0</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$0</u></u>

*See accompanying notes to the financial statements*



**Genoa Township  
Delaware County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of 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 zoning and development, parks, road and bridge maintenance, cemetery maintenance, police protection, fire protection, emergency medical services and other administrative services.

The Township participates in the Ohio Plan Risk Management, 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 and federal securities at cost. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**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.

**Genoa Township  
Delaware County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2017**

**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:

The Ohio Public Works Commission Fund (OPWC)- This fund is to account for grant money received for the Medallion Drive West Improvement project for road improvements.

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 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 purchases for the fire department.

**5. Internal Service Fund**

This fund accounts for services provided by one department to other departments of the government unit. The Township had the following Internal Service Fund:

Self-funded Insurance Medical Fund - The self-funded insurance medical fund accounts for insurance premium payments from other funds to pay medical claims of employees enrolled in the health insurance plan.

**Genoa Township  
Delaware County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2017**

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

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

**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. Non-spendable**

The Township classifies assets as ***non-spendable*** 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.

**Genoa Township  
Delaware County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2017**

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

**F. Fund Balance (Continued)**

**4. Assigned**

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

**5. Unassigned**

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

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

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

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

**2. 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:

		2017
Demand Deposits		4,970,430
Certificates of deposit		3,692,000
	Total Deposits	8,662,430
Federal Securities		7,265,336
Money Market		340,850
STAR Ohio		62,104
	Total Investments	7,668,290
Total Deposits and Investments		16,330,720

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS).

**Genoa Township  
Delaware County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2017**

**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, 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, 2017 as follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,684,235	\$1,731,329	\$47,094
Special Revenue	12,386,016	12,801,190	415,174
Capital Projects	262,778	408,979	146,201
Total	\$14,333,029	\$14,941,498	\$608,469

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,150,044	\$1,603,474	\$546,570
Special Revenue	12,780,647	11,557,619	1,223,028
Capital Projects	717,841	410,804	307,037
Total	\$15,648,532	\$13,571,897	\$2,076,635

Contrary to Ohio law the Township did not account for Internal Service fund throughout the year, including budgetary.

**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.

**Genoa Township  
Delaware County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2017**

**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.

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):

**Genoa Township  
Delaware County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2017**

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

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

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 w ith 60 months of service credit or Age 55 w ith 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 w ith 60 months of service credit or Age 55 w ith 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 w ith 25 years of service credit or Age 62 w ith 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 w ith 25 years of service credit or Age 52 w ith 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 w ith 25 years of service credit or Age 52 w ith 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 w ith 25 years of service credit or Age 56 w ith 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 w ith 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 w ith 25 years of service credit or Age 52 w ith 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 w ith 25 years of service credit or Age 56 w ith 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

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

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:

**Genoa Township  
Delaware County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2017**

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

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2017</i>	<i>10%</i>	<i>14%</i>
<i>OPERS – Public Safety</i>	<i>2014-2017</i>	<i>12.00%</i>	<i>18.10%</i>
<i>OPERS – Law Enforcement</i>	<i>2014-2017</i>	<i>13.00%</i>	<i>18.10%</i>

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

The Township's has paid all contribution required through December 31, 2017.

***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](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of 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  
For the Year Ended December 31, 2017**

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

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

	Police		Firefighters	
<b>2017 Statutory Maximum Contribution Rates</b>				
Employer	19.50	%	24.00	%
Employee:	12.25	%	12.25	%
<b>2017 Actual Contribution Rates</b>				
Employer:				
Pension	19.00	%	23.50	%
Post-employment Health Care Benefits	0.50		0.50	
<b>Total Employer</b>	<b>19.50</b>	<b>%</b>	<b>24.00</b>	<b>%</b>
Employee:	12.25	%	12.25	%

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

The Township's has paid all contribution required through December 31, 2017.

**6. POSTEMPLOYMENT BENEFITS**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

**7. 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.

**Genoa Township  
Delaware County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2017**

**7. RISK MANAGEMENT (Continued)**

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.

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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 764 members as of December 31, 2017.

*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, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. SELF-INSURANCE MEDICAL INSURANCE**

The Township is self-insured for employee's medical health insurance. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds. Interfund rates are charged based on claims approved by the claims administrator. A comparison of Self Insurance Fund cash and investments to the actuarially measured liability as of December 31, 2017 follows:

	2017
Cash and investments	\$0
Actuarial liabilities	\$127,800

**9. CONTINGENT LIABILITIES**

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

**Genoa Township**

Delaware County, Ohio

Combined Statement of Receipts, Disbursements

and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2016

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$1,254,577	\$10,769,417	\$0	\$0	\$12,023,994
Charges for Services	0	83,786	0	0	83,786
Licenses, Permits and Fees	65,383	3,358	0	0	68,741
Fines and Forfeitures	21,754	1,585	0	0	23,339
Intergovernmental	221,813	1,435,454	0	0	1,657,267
Earnings on Investments	115,829	2,079	0	799	118,707
Miscellaneous	131,081	47,878	0	0	178,959
<i>Total Cash Receipts</i>	<u>1,810,437</u>	<u>12,343,557</u>	<u>0</u>	<u>799</u>	<u>14,154,793</u>
<b>Cash Disbursements</b>					
Current:					
General Government	1,371,019	126,515	0	0	1,497,534
Public Safety	0	7,810,932	0	0	7,810,932
Public Works	0	1,496,196	0	0	1,496,196
Health	0	2,271	0	0	2,271
Conservation-Recreation	148,272	0	0	0	148,272
Capital Outlay	729,075	721,100	0	65,390	1,515,565
<i>Total Cash Disbursements</i>	<u>2,248,366</u>	<u>10,157,014</u>	<u>0</u>	<u>65,390</u>	<u>12,470,770</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(437,929)</u>	<u>2,186,543</u>	<u>0</u>	<u>(64,591)</u>	<u>1,684,023</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In	0	0	0	223,000	223,000
Transfers Out	0	(223,000)	0	0	(223,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>(223,000)</u>	<u>0</u>	<u>223,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(437,929)</u>	<u>1,963,543</u>	<u>0</u>	<u>158,409</u>	<u>1,684,023</u>
<i>Fund Cash Balances, January 1</i>	<u>2,551,018</u>	<u>7,704,934</u>	<u>1,387</u>	<u>2,742,800</u>	<u>13,000,139</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	0	9,668,477	1,387	0	9,669,864
Committed	0	0	0	2,901,209	2,901,209
Assigned	465,809	0	0	0	465,809
Unassigned	1,647,280	0	0	0	1,647,280
<i>Fund Cash Balances, December 31</i>	<u>\$2,113,089</u>	<u>\$9,668,477</u>	<u>\$1,387</u>	<u>\$2,901,209</u>	<u>\$14,684,162</u>

See accompanying notes to the financial statements

**Genoa Township**

*Delaware County, Ohio*

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*

*All Proprietary Fund Types*

*For the Year Ended December 31, 2016*

	<u>Proprietary Fund Types</u>
	<u>Internal Service</u>
<b>Operating Cash Receipts</b>	
Charges for Services	<u>\$1,253,358</u>
<i>Total Operating Cash Receipts</i>	<u>1,253,358</u>
<b>Operating Cash Disbursements</b>	
Purchased Services	157,756
Claims	<u>1,095,602</u>
<i>Total Operating Cash Disbursements</i>	<u>1,253,358</u>
<i>Operating Income (Loss)</i>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	0
<i>Fund Cash Balances, January 1</i>	<u>0</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$0</u></u>

*See accompanying notes to the financial statements*

**Genoa Township  
Delaware County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

**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 zoning and development, parks, road and bridge maintenance, cemetery maintenance, police protection, fire protection, emergency medical services and other administrative services.

The Township participates in the Ohio Plan Risk Management, 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 and federal securities at cost. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**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.

**Genoa Township  
Delaware County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

**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 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 purchases for the fire department.

**5. Internal Service Fund**

This fund accounts for services provided by one department to other departments of the government unit. The Township had the following Internal Service Fund:

Self-funded Insurance Medical Fund - The self-funded insurance medical fund accounts for insurance premium payments from other funds to pay medical claims of employees enrolled in the health insurance plan.

**Genoa Township  
Delaware County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

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

**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.

**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.

**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. Non-spendable**

The Township classifies assets as ***non-spendable*** 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.

**Genoa Township  
Delaware County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

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

**F. Fund Balance (Continued)**

**4. Assigned**

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

**5. Unassigned**

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

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

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

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

**2. 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:

	2016
Demand Deposits	3,444,273
Certificates of deposit	3,623,000
Total Deposits	7,067,273
Municipal Bonds	1,351,537
Federal Securities	6,195,858
Money Market	8,049
STAR Ohio	61,445
Total Investments	7,616,889
Total Deposits and Investments	14,684,162



**Genoa Township  
Delaware County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)**

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

**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, 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, 2016 as follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,613,352	\$1,810,437	\$197,085
Special Revenue	12,123,773	12,343,557	219,784
Capital Projects	100	223,799	223,699
Total	\$13,737,225	\$14,377,793	\$640,568

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,769,400	\$2,273,564	\$495,836
Special Revenue	11,125,676	10,472,285	653,391
Capital Projects	87,500	65,390	22,110
Total	\$13,982,576	\$12,811,239	\$1,171,337

Contrary to Ohio law the Township did not account for Internal Service fund throughout the year, including budgetary.

**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.

**Genoa Township  
Delaware County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

**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.

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):

**Genoa Township  
Delaware County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

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

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

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

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

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:

**Genoa Township  
Delaware County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

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

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2016</i>	<i>10%</i>	<i>14%</i>
<i>OPERS – Public Safety</i>	<i>2014-2016</i>	<i>12.00%</i>	<i>18.10%</i>
<i>OPERS – Law Enforcement</i>	<i>2014-2016</i>	<i>13.00%</i>	<i>18.10%</i>

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

The Township's has paid all contribution required through December 31, 2016.

***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](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of 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  
For the Year Ended December 31, 2016**

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

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

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

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

The Township's has paid all contribution required through December 31, 2016.

**6. POSTEMPLOYMENT BENEFITS**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016. OP&F contributes 0.5 percent to fund these benefits.

**7. 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.

**Genoa Township  
Delaware County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

**7. RISK MANAGEMENT (Continued)**

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.

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. Until November 1, 2016, 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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 762 members as of December 31, 2016.

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 (in thousands) at December 31, 2016.

	<b>2016</b>
Assets	<u>\$14,766.00</u>
Liabilities	<u>(9,532.00)</u>
<b>Members' Equity</b>	<b><u><u>\$5,234.00</u></u></b>

The complete audited financial statements for OPRM can be found on the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. SELF-INSURANCE MEDICAL INSURANCE**

The Township is self-insured for employee's medical health insurance. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds. Interfund rates are charged based on claims approved by the claims administrator.

Contrary to Ohio law, the Township did not obtain an actuarially measured liability as of December 31, 2016.

**9. CONTINGENT LIABILITIES**

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



# 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  
Delaware 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 the cash balances, receipts, and disbursements by fund type of Genoa Township, Delaware County, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated September 25, 2018, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

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 2017-001 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.

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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 2017-001.

**Township's Response to Findings**

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

**Purpose of this Report**

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 25, 2018



**GENOA TOWNSHIP  
DELAWARE COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-001**

**Self-Insurance Reporting and Compliance – Material Weakness / Material Non-Compliance**

**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.

**Ohio Rev. Code § 9.833(C)(4)** states the self-insurance program shall include a contract with a certified public accountant and a member of the American Academy of Actuaries for the preparation of the written evaluations required under division (C)(1).

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

The Township is self-insured for employee health care benefits but did not establish the required self-insurance fund. For the December 31, 2016 reporting period, the Township did not contract with a certified public accountant and a member of the American Academy of Actuaries for preparation of a written evaluation. The Township did provide an Actuary Certificate and report for the December 31, 2017 reporting period.

In addition to non-compliance with the **Ohio Rev. Code**, these weaknesses resulted in material adjustments to the Township's financial statements. The audited financial statements are adjusted to reflect self-insurance activity in an internal service fund; reporting internal service receipts and expenditures in the amount of \$1,709,530 in 2017 and \$1,253,358 in 2016. Additionally, the Township's 2016 self-insurance disclosure note is deficient as it does not include the actuarially determined liability that is required to be disclosed.

Because the Township did not account for the self-insurance expenditures including budgetary considerations, the Township is also in non-compliance with budgetary laws set by **Ohio Rev. Code § 5705.41(B)**.

Failure to create a separate fund for self-insurance activity could result in an inability to accurately monitor the self-insurance activity and results in financial statement reporting deficiencies. Failure to contract with an actuary could result in increased risk to Township resources and results in financial statement reporting deficiencies.

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 recommend the Board of Trustees contract with an actuary to provide the required annual report over self-insurance liability.

**Officials' Response**

The Fiscal Office will communicate with the Board of Trustees the requirements of ORC 9.833 and establish the self-insurance fund to ensure all self-insurance expenditures are reported correctly. The Township will continue work with their third party administrator to provide the required annual report over self-insurance liability.

Board of Trustees  
 Karl Gebhardt  
 Frank Dantonio  
 Connie Goodman



Fiscal Officer  
 Patrick Myers

[www.genoatwp.com](http://www.genoatwp.com)

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
 DECEMBER 31, 2017 AND 2016**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2015-001	Competitive Bidding – Noncompliance citation of ORC 5575.01(A)	Corrected	Corrective action is taken and finding is fully corrected.
2015-002	Financial Reporting – Material Weakness for reclassification revenues and equity classifications	Partially Corrected	Corrective action is taken resulting in mostly corrected revenue classifications and equity classifications. Continued corrective action will include review of Auditor of State Bulletin 2011-004 for equity classifications. Finding is reissued in Management Letter for current audit period.

Administrative Offices  
 5111 S. Old 3C Hwy, Westerville, OH 43082  
 Administration & Trustees (614)895-1125  
 Development & Zoning – (614)899-0725  
 Fiscal Office – (614)568-2023

Safety Services Complex  
 7049 Big Walnut Rd., Galena, OH 43021  
 Fire – (614)-568-2040  
 Maintenance – (614)568-2080  
 Police - (614)568-2060



# 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 8, 2018**