



**JEFFERSON TOWNSHIP
MADISON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**JEFFERSON TOWNSHIP
MADISON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Jefferson Township
Madison County
225 Cemetery Road
West Jefferson, Ohio 43162

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Madison County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2000 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 grants.

This report is intended solely for the information and use of the management and the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

May 4, 2000

**JEFFERSON TOWNSHIP
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$46,180	\$717,740	\$0	\$763,920
Intergovernmental	65,936	132,163	0	198,099
Charges for Services	0	96,856	0	96,856
Licenses, Permits, and Fees	0	18,708	0	18,708
Earnings on Investments	34,040	7,247	1,097	42,384
Other Revenue	9,850	43,708	0	53,558
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	156,006	1,016,422	1,097	1,173,525
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	85,782	71,801	0	157,583
Public Safety	0	726,546	0	726,546
Public Works	534	62,318	0	62,852
Health	26,464	6,997	0	33,461
Capital Outlay	0	58,068	0	58,068
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Total Cash Disbursements	112,780	925,730	0	1,038,510
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Total Cash Receipts Over/(Under) Cash Disbursements	43,226	90,692	1,097	135,015
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	429,911	732,449	32,463	1,194,823
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$473,137</u>	<u>\$823,141</u>	<u>\$33,560</u>	<u>\$1,329,838</u>

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

**JEFFERSON TOWNSHIP
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$44,571	\$690,410	\$0	\$734,981
Intergovernmental	84,848	145,042	0	229,890
Charges for Services	0	83,293	0	83,293
Licenses, Permits, and Fees	0	20,735	0	20,735
Earnings on Investments	41,767	8,306	1,193	51,266
Other Revenue	23,397	15,067	0	38,464
	<u>194,583</u>	<u>962,853</u>	<u>1,193</u>	<u>1,158,629</u>
Total Cash Receipts				
	194,583	962,853	1,193	1,158,629
Cash Disbursements:				
Current:				
General Government	55,125	83,293	0	138,418
Public Safety	3,086	689,212	0	692,298
Public Works	103,363	52,148	0	155,511
Health	24,889	7,760	0	32,649
Capital Outlay	126,073	163,535	0	289,608
	<u>312,536</u>	<u>995,948</u>	<u>0</u>	<u>1,308,484</u>
Total Cash Disbursements				
	312,536	995,948	0	1,308,484
Total Cash Receipts Over/(Under) Cash Disbursement	<u>(117,953)</u>	<u>(33,095)</u>	<u>1,193</u>	<u>(149,855)</u>
Other Financing Receipts/(Disbursements):				
Other Sources	14,844	0	0	14,844
	<u>14,844</u>	<u>0</u>	<u>0</u>	<u>14,844</u>
Total Other Financing Receipts/(Disbursements)				
	14,844	0	0	14,844
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(103,109)</u>	<u>(33,095)</u>	<u>1,193</u>	<u>(135,011)</u>
Fund Cash Balances, January 1	<u>533,020</u>	<u>765,544</u>	<u>31,270</u>	<u>1,329,834</u>
Fund Cash Balances, December 31	<u><u>\$429,911</u></u>	<u><u>\$732,449</u></u>	<u><u>\$32,463</u></u>	<u><u>\$1,194,823</u></u>

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

**JEFFERSON TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jefferson Township, Madison County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Repurchase agreement balances are listed at amounts reported by Huntington Bank at December 31, 1999 and December 31, 1998 which are at cost.

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

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

Fire District Fund - This fund receives property tax, homestead and rollback tax money for the operation of the Township fire department.

**JEFFERSON TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township has an expendable trust fund for the use of purchasing property for additional cemetery land.

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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also 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 canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as a liabilities under the basis of accounting used by the Township.

**JEFFERSON TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$31,944	\$19,310
Sweep Account (Repurchase agreement)	<u>1,297,894</u>	<u>1,175,513</u>
Total deposits and investments	<u><u>1,329,838</u></u>	<u><u>1,194,823</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$147,127	\$156,006	\$8,879
Special Revenue	963,444	1,016,422	52,978
Fiduciary	<u>1,103</u>	<u>1,097</u>	<u>(6)</u>
Total	<u><u>\$1,111,674</u></u>	<u><u>\$1,173,525</u></u>	<u><u>\$61,851</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$548,166	\$112,780	\$435,386
Special Revenue	1,700,466	925,730	774,736
Fiduciary	<u>33,560</u>	<u>0</u>	<u>33,560</u>
Total	<u><u>\$2,282,192</u></u>	<u><u>\$1,038,510</u></u>	<u><u>\$1,243,682</u></u>

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$237,320	\$209,427	(\$27,893)
Special Revenue	846,315	962,853	116,538
Fiduciary	<u>0</u>	<u>1,193</u>	<u>1,193</u>
Total	<u><u>\$1,083,635</u></u>	<u><u>\$1,173,473</u></u>	<u><u>\$89,838</u></u>

**JEFFERSON TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$770,212	\$312,536	\$457,676
Special Revenue	1,611,797	995,948	615,849
Fiduciary	31,270	0	31,270
Total	\$2,413,279	\$1,308,484	\$1,104,795

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation.

Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT SYSTEMS

The Township's certified fire fighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.



STATE OF OHIO
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Jefferson Township
Madison County
225 Cemetery Road
West Jefferson, Ohio 43162

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Madison County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated May 4, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 4, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 4, 2000.

This report is intended for the information and use of the management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

JIM PETRO
Auditor of State

May 4, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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JEFFERSON TOWNSHIP

MADISON 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
MAY 25, 2000**