



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**JEFFERSON TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Jefferson Township
Williams County
9991 County Road 16
Bryan, Ohio 43506-9781

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Williams County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 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 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 June 20, 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 management, 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

June 20, 2000

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$73,748	\$73,889		\$34,694	\$182,331
Intergovernmental	94,700	68,286			162,986
Licenses, Permits, and Fees		14,756			14,756
Earnings on Investments	1,013	3,039	\$863	1,449	6,364
Other Revenue	14,615	13,967			28,582
Total Cash Receipts	<u>184,076</u>	<u>173,937</u>	<u>863</u>	<u>36,143</u>	<u>395,019</u>
Cash Disbursements:					
Current:					
General Government	111,790	26,317			138,107
Public Safety	2,795				2,795
Public Works	8,058	151,971			160,029
Health	14,000	18,981			32,981
Capital Outlay	40,261	35,045			75,306
Total Cash Disbursements	<u>176,904</u>	<u>232,314</u>			<u>409,218</u>
Total Cash Receipts Over/(Under) Cash Disbursements	7,172	(58,377)	863	36,143	(14,199)
Fund Cash Balances, January 1	<u>118,892</u>	<u>108,196</u>	<u>12,044</u>	<u>34,681</u>	<u>273,813</u>
Fund Cash Balances, December 31	<u><u>\$126,064</u></u>	<u><u>\$49,819</u></u>	<u><u>\$12,907</u></u>	<u><u>\$70,824</u></u>	<u><u>\$259,614</u></u>

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

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$49,328	\$92,469		\$4,532	\$146,329
Intergovernmental	92,435	66,453			158,888
Special Assessments		1,802			1,802
Licenses, Permits, and Fees	740	14,120			14,860
Earnings on Investments	1,837	4,085	\$879	1,159	7,960
Other Revenue	20,077	18,118			38,195
Total Cash Receipts	<u>164,417</u>	<u>197,047</u>	<u>879</u>	<u>5,691</u>	<u>368,034</u>
Cash Disbursements:					
Current:					
General Government	121,297	23,022			144,319
Public Safety	8,119				8,119
Public Works	21,414	151,573			172,987
Health	12,138	20,990			33,128
Capital Outlay	477				477
Total Cash Disbursements	<u>163,445</u>	<u>195,585</u>			<u>359,030</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>972</u>	<u>1,462</u>	<u>879</u>	<u>5,691</u>	<u>9,004</u>
Other Financing Disbursements:					
Other Uses	(129)				(129)
Excess of Cash Receipts Over Cash Disbursements and Other Financing Disbursements	843	1,462	879	5,691	8,875
Fund Cash Balances, January 1	<u>118,049</u>	<u>106,734</u>	<u>11,165</u>	<u>28,990</u>	<u>264,938</u>
Fund Cash Balances, December 31	<u><u>\$118,892</u></u>	<u><u>\$108,196</u></u>	<u><u>\$12,044</u></u>	<u><u>\$34,681</u></u>	<u><u>\$273,813</u></u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jefferson Township, Williams County, (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, and cemetery maintenance. The Township contracts with the Village of Montpelier to provide fire 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

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 Funds:

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

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

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Capital Equipment Fund - Receives an approved portion of the Hotel tax for the purchase of equipment for the Township.

4. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements or funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Cemetery Bequest Fund- The interest proceeds of this fund are used for the upkeep of the Cemetery.

Agency Fund-The Fund receives a portion of the additional 3% hotel tax for the Jefferson Township Convention and Visitors Bureau.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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.

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

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 liabilities under the basis of accounting used by the Township.

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	\$210,932	\$227,444
STAR Ohio	<u>48,682</u>	<u>46,369</u>
Total deposits and investments	<u><u>\$259,614</u></u>	<u><u>\$273,813</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township,

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$163,333	\$184,076	\$20,743
Special Revenue	169,161	173,937	4,776
Capital Project	900	863	(37)
Fiduciary	<u>35,222</u>	<u>36,143</u>	<u>921</u>
Total	<u><u>\$368,616</u></u>	<u><u>\$395,019</u></u>	<u><u>\$26,403</u></u>

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

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$282,222	\$176,904	\$105,318
Special Revenue	277,356	232,314	45,042
Capital Project	12,944		12,944
Fiduciary	69,901		69,901
Total	<u>\$642,423</u>	<u>\$409,218</u>	<u>\$233,205</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$202,615	\$164,417	(\$38,198)
Special Revenue	171,800	197,047	25,247
Capital Project	1,500	879	(621)
Fiduciary		5,691	5,691
Total	<u>\$375,915</u>	<u>\$368,034</u>	<u>(\$7,881)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$320,665	\$163,574	\$157,091
Special Revenue	277,723	195,585	82,138
Capital Project	12,665		12,665
Fiduciary	28,989		28,989
Total	<u>\$640,042</u>	<u>\$359,159</u>	<u>\$280,883</u>

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.

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

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

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

5. RETIREMENT SYSTEMS

All employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a 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. 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 is a member of the Municipal Insurance Alliance (the Plan). The Plan assumes the risk of loss up to the limits of the Township's policy. The Plan may assess supplemental premiums. The following risks are covered by the Plan:

- General liability and casualty
- Public official's liability
- Vehicle

The Township also provides dental, health, and life insurance for their full-time employees through a private carrier.

7. CONTINGENT LIABILITIES

The Township is defendant in a lawsuit. There is a dispute over legal fees with privately retained counsel in a zoning matter. The approximate amount involved is \$15,000.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Jefferson Township
Williams County
9991 County Road 16
Bryan, Ohio 43506-9781

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Williams County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 20, 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*.

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 June 20, 2000.

This report is intended for the information and use of 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". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 20, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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JEFFERSON TOWNSHIP

WILLIAMS 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
JULY 18, 2000