



**JEFFERSON TOWNSHIP  
GUERNSEY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees  
Jefferson Township  
Guernsey County  
15538 Gunn Road  
Lore City, Ohio 43755

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Guernsey County, Ohio, (the Township) as of and for the years ended December 31, 1998 and December 31, 1997. 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 audit.

We conducted our audit 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 audit 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 audit provides a reasonable basis for our opinion.

As described 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 Jefferson Township, Guernsey County, as of December 31, 1998 and December 31, 1997, 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 December 13, 1999 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, Board of Trustees, and other officials authorized to receive this report under Section 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". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

December 13, 1999

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

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
<b>Cash Receipts:</b>			
Local Taxes	\$113,746	\$418	\$114,164
Intergovernmental	1,717	71,162	72,879
Interest	2,793	2,198	4,991
All Other Revenue	4,952	16,707	21,659
<b>Total Cash Receipts</b>	<b>123,208</b>	<b>90,485</b>	<b>213,693</b>
<b>Cash Disbursements:</b>			
General Government	52,817	0	52,817
Public Safety	4,969	0	4,969
Public Works	55,390	96,585	151,975
Health	1,700	0	1,700
Capital Outlay	0	16,631	16,631
<b>Total Cash Disbursements</b>	<b>114,876</b>	<b>113,216</b>	<b>228,092</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>8,332</b>	<b>(22,731)</b>	<b>(14,399)</b>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-Out	(116)	0	(116)
<b>Total Other Financing Sources/(Uses)</b>	<b>(116)</b>	<b>0</b>	<b>(116)</b>
<b>Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses</b>	<b>8,216</b>	<b>(22,731)</b>	<b>(14,515)</b>
<b>Fund Cash Balances January 1</b>	<b>60,268</b>	<b>68,594</b>	<b>128,862</b>
<b>Fund Cash Balances, December 31</b>	<b>\$68,484</b>	<b>\$45,863</b>	<b>\$114,347</b>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCES - NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Nonexpendable Trust
<b>Operating Cash Receipts:</b>	
Interest	\$18
Total Operating Cash Receipts	18
<b>Operating Cash Disbursements:</b>	
Supplies and Materials	284
Total Operating Cash Disbursements	284
Operating Income/(Loss)	(266)
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(266)
Transfers-In	116
Net Receipts Over/(Under) Disbursements	(150)
Fund Cash Balances, January 1	708
<b>Fund Cash Balances, December 31</b>	<b>\$558</b>

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



**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1997**

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
<b>Cash Receipts:</b>			
Local Taxes	\$108,169	\$195	\$108,364
Intergovernmental	3,861	51,669	55,530
Interest	2,694	2,089	4,783
All Other Revenue	205	1,451	1,656
<b>Total Cash Receipts</b>	<b>114,929</b>	<b>55,404</b>	<b>170,333</b>
<b>Cash Disbursements:</b>			
General Government	44,029	0	44,029
Public Safety	2,750	0	2,750
Public Works	2,386	19,650	22,036
Health	1,709	0	1,709
Capital Outlay	85,841	37,391	123,232
<b>Total Cash Disbursements</b>	<b>136,715</b>	<b>57,041</b>	<b>193,756</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(21,786)</b>	<b>(1,637)</b>	<b>(23,423)</b>
<b>Other Financing Sources/(Uses):</b>			
Proceeds From Sale of Public Debt			
Other Sources	0	315	315
<b>Total Other Financing Sources/(Uses)</b>	<b>0</b>	<b>315</b>	<b>315</b>
<b>Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses</b>	<b>(21,786)</b>	<b>(1,322)</b>	<b>(23,108)</b>
<b>Fund Cash Balances January 1</b>	<b>82,054</b>	<b>69,916</b>	<b>151,970</b>
<b>Fund Cash Balances, December 31</b>	<b>\$60,268</b>	<b>\$68,594</b>	<b>\$128,862</b>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCES - NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 1997**

	Nonexpendable Trust
<b>Operating Cash Receipts:</b>	
Interest	\$14
Total Operating Cash Receipts	14
<b>Operating Cash Disbursements:</b>	
Contractual Services	0
Total Operating Cash Disbursements	0
Operating Income/(Loss)	14
Net Receipts Over/(Under) Disbursements	14
Fund Cash Balances, January 1	694
<b>Fund Cash Balances, December 31</b>	<b>\$708</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 - 1997**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Jefferson Township, Guernsey 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 maintenance of roads and fire protection. The Township contracts with Antrim, Old Washington and Liberty Volunteer Fire Departments for 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. 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:

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**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:

Motor Vehicle License Tax- This fund receives motor vehicle license tax money to construct, maintain and repair Township roads.

Gasoline Tax Fund- This fund receives gasoline tax money to construct, maintain and repair Township roads.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 - 1997**  
**(Continued)**

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

**C. Fund Accounting (Continued)**

**Fiduciary 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 had the following significant fiduciary funds:

Cemetery Trust Fund - This fund was established to account for a bequest of the Township. This fund receives interest revenue to be used for the specified purposes of the trust.

**D. Budgetary Process**

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

**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.

**Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus beginning of the year fund cash balances. The County Budget Commission must also approve estimated resources.

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1998 and 1997 budgetary activity appears in Note 3.

**E. 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 - 1997**  
(Continued)

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. At December 31, the Township held the following:

	<u>1998</u>	<u>1997</u>
Demand Deposits	<u>\$114,905</u>	<u>\$129,570</u>

**Deposits**

Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1998 and December 31, 1997, was as follows:

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$121,526	\$123,208	\$1,682
Special Revenue	75,789	90,485	14,696
Trust	18	134	116
Total	<u>\$197,333</u>	<u>\$213,827</u>	<u>\$16,494</u>

1998 Budgeted vs. Actual Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$138,020	\$114,992	\$23,028
Special Revenue	134,980	113,216	21,764
Trust Fund	724	284	440
Total	<u>\$273,724</u>	<u>\$228,492</u>	<u>\$45,232</u>

1997 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$115,220	\$114,929	(\$291)
Special Revenue	51,831	55,719	3,888
Trust Fund	21	14	(7)
Total	<u>\$167,072</u>	<u>\$170,662</u>	<u>\$3,590</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 - 1997**  
**(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1997 Budgeted vs. Actual Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$180,204	\$136,715	\$43,489
Special Revenue	116,428	57,041	59,387
Trust Fund	<u>715</u>	<u>0</u>	<u>715</u>
Total	<u>\$297,347</u>	<u>\$193,756</u>	<u>\$103,591</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Township. 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. 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 SYSTEM**

The Township's employees, as well as the Trustees and Clerk, belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement health care, 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 1998 and 1997, members of PERS 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, 1998.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 - 1997**  
**(Continued)**

**7. YEAR 2000 ISSUE**

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Township's operations as early as fiscal year 1999.

The Township leases the Auditor of State's Uniform Accounting Network (UAN) system for its financial operations. The Auditor of State is responsible for remediating these systems and is solely responsible for any costs associated with this project. As of December 31, 1998, the Auditor of State was validating and testing the UAN system. The Auditor of State released a validated and tested version of UAN in 1999. The Township must install the updated release prior to the end of 1999 to help assure the continued proper processing of UAN transactions.

Tax collection for the Township is handled by Guernsey County. The County is responsible for remediating this system, and is solely responsible for any costs associated with this project.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Township is or will be Year 2000 ready, that the Township's remediation efforts will be successful in whole or in part, or that parties with whom the Township does business will be Year 2000 ready.

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OFFICE OF THE AUDITOR

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

Board of Trustees  
Jefferson Township  
Guernsey County  
15538 Gunn Road  
Lore City, Ohio 43755

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Guernsey County, Ohio, (the Township) as of and for the years ended December 31, 1998 and December 31, 1997, and have issued our report thereon dated December 13, 1999. We conducted our audit 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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit 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 a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated December 13, 1999.

**Internal Control Over Financial Reporting**

In planning and performing our audit, 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 December 13, 1999.

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". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

December 13, 1999



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

**JIM PETRO, AUDITOR OF STATE**

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800-282-0370

Facsimile 614-466-4490

**JEFFERSON TOWNSHIP**

**GUERNSEY 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**  
**JANUARY 18, 2000**