



**JEFFERSON TOWNSHIP  
SCIOTO COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998**



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



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## REPORT OF INDEPENDENT ACCOUNTANTS

Jefferson Township  
Scioto County  
318 Butler Hollow Road  
Lucasville, Ohio 45648

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Scioto 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 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 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 and reserves for encumbrances of the Jefferson Township, Scioto County, 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 March 22, 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.

**Jim Petro**  
Auditor of State

March 22, 2000



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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$36,855	\$134,262	\$171,117
Intergovernmental	19,556	79,080	98,636
Licenses, Permits, and Fees	7,020	0	7,020
Earnings on Investments	1,031	1,509	2,540
Other Revenue	2,744	1,781	4,525
	<u>67,206</u>	<u>216,632</u>	<u>283,838</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	51,505	1,786	53,291
Public Safety	0	32,000	32,000
Public Works	4,895	116,759	121,654
Human Services	0	5,507	5,507
Capital Outlay	3,636	68,756	72,392
	<u>60,036</u>	<u>224,808</u>	<u>284,844</u>
<b>Total Cash Disbursements</b>			
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>7,170</u>	<u>(8,176)</u>	<u>(1,006)</u>
<b>Other Financing Sources/(Uses):</b>			
Sale of Fixed Assets	0	8,000	8,000
Other Uses	(3,700)	0	(3,700)
	<u>(3,700)</u>	<u>8,000</u>	<u>4,300</u>
<b>Total Other Financing Sources/(Uses)</b>			
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	3,470	(176)	3,294
Fund Cash Balances, January 1	<u>31,448</u>	<u>133,129</u>	<u>164,577</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$34,918</u></b>	<b><u>\$132,953</u></b>	<b><u>\$167,871</u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

*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, 1998**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$30,381	\$128,607	\$158,988
Intergovernmental	14,627	82,732	97,359
Licenses, Permits, and Fees	7,756	0	7,756
Earnings on Investments	1,166	2,058	3,224
Other Revenue	3,390	6,412	9,802
	<u>57,320</u>	<u>219,809</u>	<u>277,129</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	48,520	1,879	50,399
Public Safety	0	27,000	27,000
Public Works	3,761	121,885	125,646
Human Services	0	6,033	6,033
Capital Outlay	0	137,420	137,420
	<u>52,281</u>	<u>294,217</u>	<u>346,498</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>5,039</u>	<u>(74,408)</u>	<u>(69,369)</u>
<b>Other Financing Sources/(Uses):</b>			
Proceeds from Sale of Public Debt:			
Sale of Bonds	0	87,420	87,420
Sale of Fixed Assets	0	3,500	3,500
Other Uses	(401)	(26,052)	(26,453)
	<u>(401)</u>	<u>64,868</u>	<u>64,467</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	4,638	(9,540)	(4,902)
Fund Cash Balances, January 1	<u>26,810</u>	<u>142,669</u>	<u>169,479</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$31,448</u></b>	<b><u>\$133,129</u></b>	<b><u>\$164,577</u></b>
Reserve for Encumbrances, December 31	<u>\$150</u>	<u>\$615</u>	<u>\$765</u>

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



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Jefferson Township, Scioto 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with Minford Ambulance to provide ambulance 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 Township has one bank account and had no investments during our audit period.

**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:

Road and Bridge Fund - This fund received property tax money to construct, maintain and repair Township roads and bridges.

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

Fire Fund - This fund received property tax monies to fund the Township Fire Department.

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

**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. The County Budget Commission must also approve the annual appropriation measure. 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 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 carried over, and need not be reappropriated.

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**

Employees are entitled to cash payments for unused vacation in certain circumstances, such as upon leaving employment. Unpaid vacation is not reflected as a liability 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>
<b>Demand deposits</b>	<u>\$167,871</u>	<u>\$164,577</u>

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

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

**3. BUDGETARY ACTIVITY**

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,458	\$67,206	\$16,748
Special Revenue	207,613	224,632	17,019
Total	\$258,071	\$291,838	\$33,767

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$81,300	\$63,736	\$17,564
Special Revenue	338,466	224,808	113,658
Total	\$419,766	\$288,544	\$131,222

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,371	\$57,320	\$4,949
Special Revenue	297,336	310,729	13,393
Total	\$349,707	\$368,049	\$18,342

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$67,801	\$52,832	\$14,969
Special Revenue	336,890	320,884	16,006
Total	\$404,691	\$373,716	\$30,975

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

**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.

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

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. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Bank Loan	\$87,420	5%
Lease	15,495	6%
Total	\$102,915	

The bank loan was issued to finance the purchase of a new fire pumper truck be used by the Township Fire Department. The loan is collateralized solely by the Township's taxing authority. The lease was issued to for the use of a backhoe loader to be used by the Township for road and bridge maintenance.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Bank Loan	Lease
1999	\$20,420	\$8,440
2000	20,420	8,440
2001	20,420	8,440
2002	20,420	0
2003	20,420	0
Total	\$102,100	\$25,320

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

**6. RETIREMENT SYSTEMS**

The Township's employees, as well as the Clerk and Trustees, belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. This plan provides 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, 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.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Inland marine

The Township is uninsured for the following risks:

- Errors and omissions

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

Jefferson Township  
Scioto County  
318 Butler Hollow Road  
Lucasville, Ohio 45648

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Scioto County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 22, 2000. 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 Jefferson Township 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-40773-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 20, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Jefferson 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 March 22, 2000.

Jefferson Township  
Scioto County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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.

**Jim Petro**  
Auditor of State

March 22, 2000



**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 1999-40773-001**

Ohio Rev. Code Section 5705.39 states that total appropriations from each fund should not exceed the total estimated resources.

Appropriations exceeded estimated resources in the Special Levy Fund by \$47,214 (95%) and by \$58,056 (123%), in 1999 and 1998, respectively.

We recommend that the Township Trustees not make appropriations to any fund in excess of the amount of estimated resources certified by the County Budget Commission.

**CORRECTIVE ACTION PLAN  
DECEMBER 31, 1999 AND 1998**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-40773-001	Appropriations will be monitored more closely, and amended if necessary, to make sure such large variances do not exist between appropriations and estimated resources.	Will implement immediately	Darwin Rhoden, Clerk



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**JEFFERSON TOWNSHIP**

**SCIOTO 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 23, 2000**