



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**JEFFERSON TOWNSHIP
WILLIAMS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Jefferson Township
Williams County
09991 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 year ended December 31, 2000. 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 auditing standards generally accepted in the United States of America 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 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, 2000, and its combined cash receipts and disbursements for the year 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 26, 2001 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

June 26, 2001

**JEFFERSON TOWNSHIP
WILLIAMS COUNTY**

**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, 2000**

	<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	\$81,645	\$57,882		\$43,269	\$182,796
Intergovernmental	87,165	84,127			171,292
Licenses, Permits, and Fees		16,139			16,139
Earnings on Investments	2,506	7,220	\$835	1,898	12,459
Other Revenue	13,445	11,016			24,461
	<u>184,761</u>	<u>176,384</u>	<u>835</u>	<u>45,167</u>	<u>407,147</u>
Cash Disbursements:					
Current:					
General Government	114,124	20,550			134,674
Public Safety	8,647				8,647
Public Works	1,590	80,870			82,460
Health	12,875	21,735			34,610
Capital Outlay	8,175	2,694	6,045		16,914
	<u>145,411</u>	<u>125,849</u>	<u>6,045</u>		<u>277,305</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>39,350</u>	<u>50,535</u>	<u>(5,210)</u>	<u>45,167</u>	<u>129,842</u>
Other Financing Receipts/(Disbursements):					
Sale of Fixed Assets	2,441				2,441
Other Uses				(78,339)	(78,339)
	<u>2,441</u>			<u>(78,339)</u>	<u>(75,898)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	41,791	50,535	(5,210)	(33,172)	53,944
Fund Cash Balances, January 1	<u>126,064</u>	<u>49,819</u>	<u>12,907</u>	<u>70,824</u>	<u>259,614</u>
Fund Cash Balances, December 31	<u>\$167,855</u>	<u>\$100,354</u>	<u>\$7,697</u>	<u>\$37,652</u>	<u>\$313,558</u>

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

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**JEFFERSON TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

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'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.

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 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.

**JEFFERSON TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

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 Projects Fund - This fund is being used for the repair and maintenance of Township hall and equipment.

4. Fiduciary Funds (Trust and Agency 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 fund.

Agency Fund - This fund receives a portion of motel tax money that is remitted to the Jefferson Township and Holiday City Visitors and Convention 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, 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 2000 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.

**JEFFERSON TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

G. Unpaid Vacation Leave

Employees are entitled to cash payments for unused vacation in certain circumstances, such as upon leaving employment. Unpaid vacation leave is 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:

	2000
Demand deposits	\$271,524
STAR Ohio	42,034
Total deposits and investments	\$313,558

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 form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$166,850	\$187,202	\$20,352
Special Revenue	199,151	176,384	(22,767)
Capital Projects	1,000	835	(165)
Fiduciary	1,725	1,898	173
Total	\$368,726	\$366,319	(\$2,407)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$266,162	\$145,411	\$120,751
Special Revenue	261,496	125,849	135,647
Capital Projects	13,907	6,045	7,862
Fiduciary	96,775	96,775	96,775
Total	\$638,340	\$277,305	\$361,035

**JEFFERSON TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(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 payments, 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. RETIREMENT SYSTEMS

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries during the first half of fiscal year 2000. The Township contributed a temporary rollback rate of 8.13% for the last half of fiscal year 2000. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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



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

Jefferson Township
Williams County
09991 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 year ended December 31, 2000, and have issued our report thereon dated June 26, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 2000-40186-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 26, 2001.

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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over the financial reporting that in our judgement could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-40186-002.

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. 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 reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that may be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also 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 26, 2001.

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

June 26, 2001

**JEFFERSON TOWNSHIP
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-40186-001

Finding for Recovery

Ohio Revised Code § 9.03(C), (e) provides that no governing body of a political subdivision shall use public funds to support or oppose the passage of a levy or bond issue.

On February 29, 2000 the Township paid \$222.30 to the Bryan Times (dba "the Bryan Publishing Company") for an advertisement asking the residents of Jefferson Township to support a Fire Levy in the March 6, 2000 election.

Based on the foregoing facts, a finding for recovery is hereby issued against C. Yvonne Beck, Clerk-Treasurer, Phillip Stotz, Trustee, Paul Ledyard, Trustee, and the Ohio Farmers Insurance Company, jointly and severally, in the total amount of \$222.30 in favor of the General Fund of Jefferson Township.

On June 26, 2001 C. Yvonne Beck remitted payment of \$74.10 on receipt number 99-01 to the credit of the General Fund. for partial payment of the finding for recovery.

FINDING NUMBER 2000-40186-002

Reportable Condition - Cemetery Revenues

Review of the Jefferson Township Cemetery records noted the following weaknesses:

1. Cemetery records maintained by the Cemetery Sexton are never reconciled to the Cemetery deeds issued by the Clerk.
2. One Cemetery deed is issued for each sale regardless of the number of grave sites being purchased.
3. Unissued deeds for Cemetery lots or grave sites are blank and not specifically identified by location.
4. The inventory lists of sold or unsold cemetery lots or graves maintained by the Sexton and the Clerk are neither fully accurate or complete.
5. No comprehensive map of individual grave sites is maintained that indicates lots sold or unsold.
6. Deeds are not filed in numerical order by section addition, lot number or individual graves.
7. Grave site transfers between individuals are made by separate permit without amendment being made to the original deed.

These weaknesses increase the probability that cemetery records are, or may become, inaccurate or incomplete. This could result in a loss of revenue through intentional or unintentional means, and also result in improper utilization of grave sites. In order to help maintain more accurate cemetery records, we recommend that:

FINDING NUMBER 2000-40186-002
(Continued)

1. The Township inventory all individual grave sites to determine which lots and graves are available to be sold and those sold, but unused.
2. Cemetery deeds should be issued (or reissued) for all individual grave sites that are either unsold or those sold, but unused. Each deed should indicate the specific location in the Cemetery of the grave site.
3. A comprehensive map of all grave sites should be developed and maintained by the Sexton to indicate lots sold. A duplicate, blank map should be maintained in a secure offsite location.
4. The Sexton should have a separate record of all grave sites that would indicate whether the individual grave sites were sold or not. This listing would include a cross-referenced alphabetical listing of all grave site owners. This listing should correspond to the above mentioned Cemetery Map.
5. The Clerk should be responsible for filling out and maintaining all Cemetery deeds based upon information forwarded to her from the Sexton. The deed book would be a chronicle listing of all deeds by Cemetery Addition, Section No, and individual Grave sites. In addition, the deed book would include an alphabetical listing by owner.
6. The Sexton and the Clerk should regularly compare the sold and unsold grave sites maintained by each of them for accuracy and completeness.
7. Ownership transfers should be initiated by the Sexton on triplicate, prenumbered grave site transfer forms. One copy would be retained by the Sexton and filed with his grave site register. Another copy should be given to the party requesting transfer, and a third copy of this transfer would be forwarded to the Clerk who would then document ownership transfer on the original cemetery deed.



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OFFICE OF THE AUDITOR

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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 24, 2001**