



**JEFFERSON TOWNSHIP  
LOGAN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



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

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**STATE OF OHIO**



JEFFERSON TOWNSHIP  
LOGAN COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001 .....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Fiduciary Fund Type – For the Year Ended December 31, 2001 .....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000 .....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Fiduciary Fund Type – For the Year Ended December 31, 2000 .....	6
Notes to the Financial Statements .....	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings .....	15

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## REPORT OF INDEPENDENT ACCOUNTANTS

Jefferson Township  
Logan County  
P.O. Box 10  
Zanesfield, Ohio 43360

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township (the "Township") as of and for the years ended December 31, 2001 and 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 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 accounting principles generally accepted in the United States of America.

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 Township as of December 31, 2001 and 2000, 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 April 5, 2002 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 the audit committee, 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", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

April 5, 2002

**JEFFERSO TOWNSHIP  
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$39,805	\$46,627	\$86,432
Intergovernmental	66,726	65,271	131,997
Licenses, Permits, and Fees	5,046	3,795	8,841
Earnings on Investments	2,560	1,708	4,268
Other Revenue	2,218	11,864	14,082
Total Cash Receipts	116,355	129,265	245,620
<b>Cash Disbursements:</b>			
Current:			
General Government	92,248	5,227	97,475
Public Works	47,581	83,729	131,310
Health		13,606	13,606
Conservation - Recreation	145	5,501	5,646
Capital Outlay	13,514	22,394	35,908
Total Cash Disbursements	153,488	130,457	283,945
Total Receipts (Under) Disbursements	(37,133)	(1,192)	(38,325)
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		30,925	30,925
Transfers-Out	(285)		(285)
Total Other Financing Receipts/(Disbursements)	(285)	30,925	30,640
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(37,418)	29,733	(7,685)
Fund Cash Balances, January 1	41,194	82,230	123,424
<b>Fund Cash Balances, December 31</b>	<b>\$3,776</b>	<b>\$111,963</b>	<b>\$115,739</b>
Reserve for Encumbrances, December 31	\$6,950	\$0	\$6,950

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

**JEFFERSON TOWNSHIP  
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<b>Fiduciary Fund Type</b>
	<b>Nonexpendable Trust</b>
<b>Operating Cash Receipts:</b>	
Interest	\$2,313
<b>Operating Cash Disbursements:</b>	0
Operating Receipts Over Operating Disbursements	2,313
<b>Other Financing Receipts/(Disbursements):</b>	
Transfers-In	285
Transfers-Out	(30,925)
Total Other Financing Receipts/(Disbursements)	(30,640)
Cash Receipts and Other Financing Receipts (Under) Other Financing Disbursements	(28,327)
Fund Cash Balance, January 1	55,815
<b>Fund Cash Balance, December 31</b>	<b>\$27,488</b>

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



**JEFFERSON TOWNSHIP  
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$39,741	\$46,621	\$86,362
Intergovernmental	48,043	59,560	107,603
Licenses, Permits, and Fees	4,364	3,885	8,249
Earnings on Investments	1,241	1,027	2,268
Other Revenue	5,187	11,907	17,094
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	98,576	123,000	221,576
<b>Cash Disbursements:</b>			
Current:			
General Government	63,775		63,775
Public Works	16,087	35,125	51,212
Health	433	16,671	17,104
Conservation - Recreation	1,583	7,506	9,089
Capital Outlay	24,452	37,554	62,006
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	106,330	96,856	203,186
Total Receipts Over/(Under) Disbursements	(7,754)	26,144	18,390
Fund Cash Balances, January 1	48,948	56,086	105,034
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<u>\$41,194</u>	<u>\$82,230</u>	<u>\$123,424</u>

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

**JEFFERSON TOWNSHIP  
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Fiduciary Fund Type</u>
	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>	
Interest	\$2,625
<b>Operating Cash Disbursements</b>	<u>0</u>
Operating Receipts Over Operating Disbursements	2,625
Fund Cash Balance, January 1	<u>53,190</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$55,815</u></u>

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

**JEFFERSON TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Jefferson Township, Logan 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 road and bridge maintenance, cemetery maintenance, and park maintenance. The Township contracts with the Any City to provide fire services and 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**

Investments are included in fund cash balances. 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.

Certificates of deposit are valued at cost.

**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 to construct, maintain and repair Township roads and bridges.

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

**JEFFERSON TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**3. Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following fiduciary fund: Cemetery Bequest Fund. This is a non-expendable trust fund which means amounts donated are maintained in perpetuity. The investment earnings are used for the upkeep of grave sites as specified by donor.

**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 2001 and 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**JEFFERSON TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

The Township maintains a cash and investment 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:

	2001	2000
Demand deposits	\$79,050	\$128,098
Certificates of deposit	64,177	51,136
Total deposits	\$143,227	\$179,234

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

At December 31, 2001, \$45,314 of deposits were not insured or collateralized, contrary to Ohio Rev. Code Section 135.18.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

**2001 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$116,631	\$116,355	(\$276)
Special Revenue	116,174	160,190	44,016
Fiduciary	2,785	2,598	(187)
Total	\$235,590	\$279,143	\$43,553

**2001 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$158,027	\$160,723	(\$2,696)
Special Revenue	197,103	130,457	66,646
Fiduciary	30,925	30,925	
Total	\$386,055	\$322,105	\$63,950

**JEFFERSON TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2000 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$95,000	\$98,576	\$3,576
Special Revenue	115,545	123,000	7,455
Fiduciary	2,300	2,625	325
Total	\$212,845	\$224,201	\$11,356

<b>2000 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$157,177	\$106,330	\$50,847
Special Revenue	141,507	96,856	44,651
Fiduciary	610	610	610
Total	\$299,294	\$203,186	\$96,108

During 2000, the General Fund had appropriations greater than estimated resources which violates the requirements of Ohio Rev. Code Section 5705.39.

**4. PROPERTY TAX**

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

**JEFFERSON TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
International Dump Truck	\$37,179	5.89%

The township acquired a 2000 International dump truck through a lease purchase program with Dublin Capital Corporation.

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

<b>Year ending December 31:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2002	\$11,647	\$2,333	\$13,980
2003	12,378	1,602	13,980
2004	13,154	825	13,979
Total	\$37,179	\$4,760	\$41,939

**6. RETIREMENT SYSTEMS**

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. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and the period January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

**A. Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

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

**JEFFERSON TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**8. RELATED ORGANIZATION**

**Dr. Earl Sloan Library**

The Dr. Earl Sloan Library is a distinct political subdivision of the State of Ohio. The Library is governed by a Board of Trustees. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the Township for operational subsidies. Although the Township does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Clerk/Treasurer at the Dr. Earl Sloan Library, at 2817 Sandusky Street, Zanesfield, Ohio 43360-0116-16.

**9. COURT APPROVAL FOR TRANSFER**

On March 27, 2001, the Township received Court approval to transfer \$30,925 from the Cemetery Bequest Fund, a nonexpendable trust fund, to the Special Revenue Cemetery Fund. The purpose of this Court Order was to reduce the excess accumulated principal of the Cemetery Bequest Fund. The remaining principal in the Cemetery Bequest Fund will be adequate to continue to generate income for the maintenance of the 15 graves as specified in the Bequest. The money transferred to the Cemetery Fund will be used to maintain all graves in the cemetery.





STATE OF OHIO  
OFFICE OF THE AUDITOR

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

Jefferson Township  
Logan County  
P.O. Box 10  
Zanesfield, Ohio 43360

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 5, 2002. 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2001-40346-001 and 2001-40346-002.

**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 April 5, 2002.

This report is intended solely for the information and use of the audit committee, 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 stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

April 5, 2002

**JEFFERSON TOWNSHIP  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
----------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2001-40346-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 135.18 (A)** states the treasurer must require the institution designated as a public depository to pledge to the treasurer, as security for the repayment of all public moneys to be deposited in the public depository during the period of designation, eligible securities of aggregate market value equal to the excess of the amount of public moneys to be at the time so deposited, over and above such portion or amount of such money as is at such time insured by the federal deposit insurance corporation.

At December 31, 2001 the Township had deposits in the amount of \$145,314, of which \$45,314 was not covered by collateral.

The Township should implement monitoring procedures that require the frequent review of bank collateral statements to help assure that sufficient collateral is pledged for their deposits.

**FINDING NUMBER 2001-40346-002**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.39** requires that the total appropriation from each fund should not exceed the total estimated resources. During 2000, the General Fund had appropriations that were \$13,229 greater than estimated resources. This situation could result in deficit spending if the Township incurred obligations for all appropriations.

The Township should implement procedures to help assure that appropriations do not exceed estimated resources.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**JEFFERSON TOWNSHIP**

**LOGAN 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 28, 2002**