



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

JEFFERSON TOWNSHIP
MERCER COUNTY

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OFFICE OF THE AUDITOR

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REPORT OF INDEPENDENT ACCOUNTANTS

Jefferson Township
Mercer County
532 East Wayne Street
PO Box 259
Celina, OH 45822

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 of the Township as of December 31, 2001 and December 31, 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 May 21, 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 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". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

May 21, 2002

**JEFFERSON TOWNSHIP
MERCER 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**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$39,428	\$144,839		\$184,267
Intergovernmental	23,328	97,014	165,805	286,147
Payment in Lieu of Taxes	13,273			13,273
Licenses, Permits, and Fees		19,915		19,915
Earnings on Investments	7,759	987		8,746
Other Revenue	6,213	12,750		18,963
Total Cash Receipts	<u>90,001</u>	<u>275,505</u>	<u>165,805</u>	<u>531,311</u>
Cash Disbursements:				
Current:				
General Government	132,502			132,502
Public Safety	5,856	59,586		65,442
Public Works		206,195		206,195
Health	10,861	29,968		40,829
Debt Service:				
Redemption of Principal	3,000	3,000		6,000
Capital Outlay	17,985		195,805	213,790
Total Cash Disbursements	<u>170,204</u>	<u>298,749</u>	<u>195,805</u>	<u>664,758</u>
Total Receipts (Under) Disbursements	<u>(80,203)</u>	<u>(23,244)</u>	<u>(30,000)</u>	<u>(133,447)</u>
Other Financing Receipts:				
Proceeds from Sale of Public Debt:				
Sale of Notes			30,000	30,000
Other Sources	100			100
Total Other Financing Receipts	<u>100</u>	<u>0</u>	<u>30,000</u>	<u>30,100</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(80,103)	(23,244)	0	(103,347)
Fund Cash Balances, January 1	<u>111,226</u>	<u>186,674</u>	<u>0</u>	<u>297,900</u>
Fund Cash Balances, December 31	<u><u>\$31,123</u></u>	<u><u>\$163,430</u></u>	<u><u>\$0</u></u>	<u><u>\$194,553</u></u>

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

**JEFFERSON TOWNSHIP
MERCER 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$38,693	\$135,197		\$173,890
Intergovernmental	66,846	88,972	10,438	166,256
Payment in Lieu of Taxes	15,339			15,339
Licenses, Permits, and Fees		26,155		26,155
Earnings on Investments	14,643	2,420		17,063
Other Revenue	5,381	16,175		21,556
Total Cash Receipts	<u>140,902</u>	<u>268,919</u>	<u>10,438</u>	<u>420,259</u>
Cash Disbursements:				
Current:				
General Government	129,824			129,824
Public Safety	6,666	58,728		65,394
Public Works		191,890		191,890
Health	10,697	29,150		39,847
Capital Outlay	<u>3,879</u>		<u>10,438</u>	<u>14,317</u>
Total Cash Disbursements	<u>151,066</u>	<u>279,768</u>	<u>10,438</u>	<u>441,272</u>
Total Receipts Over/(Under) Disbursements	(10,164)	(10,849)	0	(21,013)
Fund Cash Balances, January 1	<u>121,390</u>	<u>197,523</u>	<u>0</u>	<u>318,913</u>
Fund Cash Balances, December 31	<u><u>\$111,226</u></u>	<u><u>\$186,674</u></u>	<u><u>\$0</u></u>	<u><u>\$297,900</u></u>

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

**JEFFERSON TOWNSHIP
MERCER COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jefferson Township, Mercer 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, fire protection and emergency medical services. The Township contracts with the City of Celina to provide fire services and Mercer County 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

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.

STAR Ohio funds are recorded at share values reported by STAR Ohio.

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.

**JEFFERSON TOWNSHIP
MERCER COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fire Levy Fund - This fund receives tax levy monies to provide for fire protection services to the Township.

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 funds:

Issue II Fund - The Township received a grant from the State of Ohio to replace a culvert on Bunker Hill Road and for the relocation of Meyer Ditch on Meyer Road.

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. 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. The Township did not encumber all commitments required by Ohio law.

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.

**JEFFERSON TOWNSHIP
MERCER 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 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:

	2001	2000
Demand deposits	\$16,735	\$60,913
STAR Ohio	177,818	236,987
Total deposits and investments	\$194,553	\$297,900

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

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, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$95,314	\$90,101	(\$5,213)
Special Revenue	272,202	275,505	3,303
Capital Projects	227,411	195,805	(31,606)
Total	\$594,927	\$561,411	(\$33,516)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$207,008	\$170,204	\$36,804
Special Revenue	454,881	298,749	156,132
Capital Projects	227,411	195,805	31,606
Total	\$889,300	\$664,758	\$224,542

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$121,006	\$140,902	\$19,896
Special Revenue	257,345	268,919	11,574
Capital Projects	10,438	10,438	0
Total	\$388,789	\$420,259	\$31,470

**JEFFERSON TOWNSHIP
MERCER COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$215,856	\$151,066	\$64,790
Special Revenue	454,091	279,768	174,323
Capital Projects	10,438	10,438	0
Total	\$680,385	\$441,272	\$239,113

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.

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, 2001 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$24,000	0%
Total	\$24,000	

The Ohio Public Works Commission Loan was issued to finance the the relocation of Meyer ditch on Meyer Road. The loan is payable in semi-annual installments of \$3,000.

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

	OPWC Loan
Year ending December 31:	
2002	6,000
2003	6,000
2004	6,000
2005	6,000
Total	\$24,000

**JEFFERSON TOWNSHIP
MERCER COUNTY**

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

6. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. 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 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 from 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. Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

B. Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

C. Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

D. Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31:

**JEFFERSON TOWNSHIP
MERCER COUNTY**

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

7. RISK MANAGEMENT (Continued)

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>
<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

8. CONTINGENT LIABILITIES

The Township is involved with legal proceedings. Although the outcome of the suit is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.



**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
Mercer County
532 East Wayne Street
PO Box 259
Celina, OH 45822

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 May 21, 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*, which are described in the accompanying schedule of findings as items 2001-40254-001 to 2001-40254-006. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 21, 2002.

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 May 21, 2002.

Jefferson Township
Mercer 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.

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

May 21, 2002

**JEFFERSON TOWNSHIP
MERCER COUNTY**

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

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

FINDING NUMBER 2001-40254-001

Finding For Recovery Repaid Under Audit

Ohio Rev. Code Sections 505.24 (A) and (B) outline the compensation for township trustees on the basis of the budget. OAG Opinion 99-015 states for the purposes of calculating the authorized compensation of the township trustees and the township clerk pursuant to R.C. 505.24 and R.C. 507.09, the term "budget" refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate. Auditor of State Bulletin 99-008 provided additional clarification and stated when determining what the township's budget is, the amount of the official certificate of estimated resources or any amended certificates should be used and noted that the date of the certificate, as dated by the County Auditor, is the date that should be used in determining when any increases due to increased budgets are effective.

On August 24, 2000, the Township amended the official certificate of estimated resources from \$670,960 to \$867,949, which moved the compensation of the officials to an increased salary bracket. The actual compensation paid was adjusted to increase the elected official's salaries to this new salary range for the entire year of 2000 rather than being compensated at the increased rate for the remainder of 2000 and resulted in an overpayment of compensation as follows:

	Monthly Salary Allowed	Actual monthly salary paid	Variance per month (Underpaid) /Overpaid	Net variance
August 2000	\$641.67	\$618.83	(\$22.84)	(\$22.84)
September to December 2000	707.33	884.09	176.76	<u>707.04</u>
Total overpaid				<u><u>\$684.20</u></u>

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Richard Baucher, Trustee and his bonding company Ohio Township Association Risk Management Authority jointly and severally, in the amount of \$684.20 in favor of the General Fund. The Finding was repaid to the Township on May 28, 2002.

FINDING NUMBER 2001-40254-002

Finding For Recovery Repaid Under Audit

Ohio Rev. Code Sections 505.24 (A) and (B) outline the compensation for township trustees on the basis of the budget. OAG Opinion 99-015 states for the purposes of calculating the authorized compensation of the township trustees and the township clerk pursuant to R.C. 505.24 and R.C. 507.09, the term "budget" refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate. Auditor of State Bulletin 99-008 provided additional clarification and stated when determining what the township's budget is, the amount of the official certificate of estimated resources or any amended certificates should be used and noted that the date of the certificate, as dated by the County Auditor, is the date that should be used in determining when any increases due to increased budgets are effective.

On August 24, 2000, the Township amended the official certificate of estimated resources from \$670,960 to \$867,949, which moved the compensation of the officials to an increased salary bracket. The actual compensation paid was adjusted to increase the elected official's salaries to this new salary range for the entire year of 2000 rather than being compensated at the increased rate for the remainder of 2000 and resulted in an overpayment of compensation as follows:

	Monthly Salary Allowed	Actual monthly salary paid	Variance per month (Underpaid) /Overpaid	Net variance
August 2000	\$641.67	\$618.83	(\$22.84)	(\$22.84)
September to December 2000	707.33	884.09	176.76	<u>707.04</u>
Total overpaid				<u>\$684.20</u>

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Jonny Dicke, Trustee, and his bonding company Ohio Farmers Insurance Co., jointly and severally, in the amount of \$684.20 in favor of the General Fund. The Finding was repaid to the Township on May 28, 2002.

FINDING NUMBER 2001-40254-003

Finding For Recovery Repaid Under Audit

Ohio Rev. Code Sections 505.24 (A) and (B) outline the compensation for township trustees on the basis of the budget. OAG Opinion 99-015 states for the purposes of calculating the authorized compensation of the township trustees and the township clerk pursuant to R.C. 505.24 and R.C. 507.09, the term "budget" refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate. Auditor of State Bulletin 99-008 provided additional clarification and stated when determining what the township's budget is, the amount of the official certificate of estimated resources or any amended certificates should be used and noted that the date of the certificate, as dated by the County Auditor, is the date that should be used in determining when any increases due to increased budgets are effective.

On August 24, 2000, the Township amended the official certificate of estimated resources from \$670,960 to \$867,949, which moved the compensation of the officials to an increased salary bracket. The actual compensation paid was adjusted to increase the elected official's salaries to this new salary range for the entire year of 2000 rather than being compensated at the increased rate for the remainder of 2000 and resulted in an overpayment of compensation as follows:

	Monthly Salary Allowed	Actual monthly salary paid	Variance per month (Underpaid) /Overpaid	Net variance
August 2000	\$641.67	\$618.83	(\$22.84)	(\$22.84)
September to December 2000	707.33	884.09	176.76	<u>707.04</u>
Total overpaid				<u>\$684.20</u>

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Jerry Humphrey, Trustee and his bonding Ohio Farmers Insurance Co., jointly and severally, in the amount of \$684.20 in favor of the General Fund. The Finding was repaid to the Township on May 28, 2002.

FINDING NUMBER 2001-40254-004

Finding For Recovery Repaid Under Audit

Ohio Rev. Code Sections 507.09 (A) and (D) outline the compensation for the clerk of the township on the basis on the budget. OAG Opinion 99-015 states for the purposes of calculating the authorized compensation of the township trustees and the township clerk pursuant to R.C. 505.24 and R.C. 507.09, the term "budget" refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate. Auditor of State Bulletin 99-008 provided additional clarification and stated when determining what the township's budget is, the amount of the official certificate of estimated resources or any amended certificates should be used and noted that the date of the certificate, as dated by the County Auditor, is the date that should be used in determining when any increases due to increased budgets are effective.

On August 24, 2000, the Township amended the official certificate of estimated resources from \$670,960 to \$867,949, which moved the compensation of the officials to an increased salary bracket. The actual compensation paid was adjusted to increase the elected official's salaries to this new salary range for the entire year of 2000 rather than being compensated at the increased rate for the remainder of 2000 and resulted in an overpayment of compensation as follows:

**FINDING NUMBER 2001-40254-004
 (Continued)**

Finding For Recovery Repaid Under Audit (Continued)

	Monthly Salary Allowed	Actual monthly salary paid	Variance per month (Underpaid) /Overpaid	Net variance
August 2000	\$1,022.70	\$972.50	(\$50.20)	(\$50.20)
September to December 2000	1,167.00	1,660.44	493.44	<u>1,973.76</u>
Total overpaid				<u>\$1,923.56</u>

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Grant Cook, Clerk and his bonding company Ohio Township Association Risk Authority, jointly and severally, in the amount of \$1,923.56 in favor of the General Fund. The Finding was repaid to the Township on May 28, 2002.

FINDING NUMBER 2001-40254-005

Noncompliance Citation

Ohio Rev. Code Section 5705.10 requires all revenue derived from a special levy is to be credited to a special fund for the purpose for which the levy was made. The Fire Levy Fund was established to account for the Fire Protection for the Township per the tax levy. The Road and Bridge fund was established to account for property taxes levied for the repair of roads.

During 2001, the Township paid for ambulance service of \$5,856 from the Fire Levy fund rather than the General fund requiring an adjustment between the two funds. During 2000, the Township credited personal property tax monies from the County in the amount of \$1,784.30 to the General fund rather than the Road and Bridge fund requiring an adjustment between the two funds. The Township has agreed to and posted the adjustment and the adjustment is reflected in the accompanying financial statements.

The Township should monitor the receipt and expenditure of monies into various funds and refer to the Township chart of accounts when there is a question of appropriate fund or account coding.

FINDING NUMBER 2001-40254-006

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to of an appropriated fund free from any previous encumbrance. Further, contracts and order for expenditures lacking prior certification should be considered null and void. If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

In fifteen percent of the transactions tested, the date of the invoice preceded the date of the purchase order or blanket certificate date. These transactions represented \$124,786 and occurred during 2000. There was evidence that the Board of Trustees approved the expenditure by formal resolution within thirty days, however there was no evidence of subsequent certification (then and now certification) by the fiscal officer and authorization by the board of trustees.

The Township should review Ohio Rev. Code Section 5705.41(D) and implement procedures for certification of funds. The Township should obtain the required certification prior to obligating Township funds when practicable. The exceptions should be used when prior certification is not practicable.

**JEFFERSON TOWNSHIP
MERCER COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-40254-001	Ohio Rev. Code 5705.41(D) – Prior certification on expenditures	No	Finding is repeated – see Schedule of Findings.



STATE OF OHIO
OFFICE OF THE AUDITOR

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JEFFERSON TOWNSHIP

MERCER 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
JUNE 18, 2002**