



**JEFFERSON TOWNSHIP  
ROSS 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  
ROSS COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Jefferson Township  
Ross County  
1022 Jackson Street  
Richmond Dale, Ohio 45673

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Ross County, Ohio (the Township) as of and for the years ended December 31, 2001 and 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 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 of the Jefferson Township, Ross County, Ohio 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 March 9, 2002 March 9, 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, Board 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 9, 2002

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**JEFFERSON TOWNSHIP  
ROSS COUNTY**

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

|  | <u>Governmental Fund Types</u> |                            |                                | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|--------------------------------|----------------------------|--------------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Nonexpendable<br/>Trust</u> |   |
| <b>Cash Receipts:</b>  |                                |                            |                                |   |
| Local Taxes  | \$13,726                       | \$45,143                   | \$0                            | \$58,869                                |
| Intergovernmental  | 47,403                         | 71,314                     | 0                              | 118,717                                 |
| Charges for Services   | 4,100                          | 0                          | 0                              | 4,100                                   |
| Licenses, Permits, and Fees  | 0                              | 6,500                      | 0                              | 6,500                                   |
| Earnings on Investments  | 7,687                          | 2,847                      | 62                             | 10,596                                  |
| Other Revenue  | 104                            | 4,050                      | 0                              | 4,154                                   |
|  | <hr/>                          | <hr/>                      | <hr/>                          | <hr/>                                   |
| Total Cash Receipts  | 73,020                         | 129,854                    | 62                             | 202,936                                 |
| <b>Cash Disbursements:</b>   |                                |                            |                                |   |
| Current:   |                                |                            |                                |   |
| General Government   | 62,680                         | 144                        | 0                              | 62,824                                  |
| Public Safety  | 10,575                         | 22,773                     | 0                              | 33,348                                  |
| Public Works   | 8,537                          | 40,811                     | 0                              | 49,348                                  |
| Health   | 9,093                          | 18,601                     | 0                              | 27,694                                  |
|  | <hr/>                          | <hr/>                      | <hr/>                          | <hr/>                                   |
| Total Cash Disbursements   | 90,885                         | 82,329                     | 0                              | 173,214                                 |
| Total Receipts Over/(Under) Disbursements  | <hr/>                          | <hr/>                      | <hr/>                          | <hr/>                                   |
|  | (17,865)                       | 47,525                     | 62                             | 29,722                                  |
| <b>Other Financing Receipts/(Disbursements):</b>   |                                |                            |                                |   |
| Other Sources  | 1,413                          | 0                          | 0                              | 1,413                                   |
|  | <hr/>                          | <hr/>                      | <hr/>                          | <hr/>                                   |
| Total Other Financing Receipts/(Disbursements)   | 1,413                          | 0                          | 0                              | 1,413                                   |
| Excess of Cash Receipts and Other Financing<br>Receipts Over/(Under) Cash Disbursements<br>and Other Financing Disbursements | <hr/>                          | <hr/>                      | <hr/>                          | <hr/>                                   |
|  | (16,452)                       | 47,525                     | 62                             | 31,135                                  |
| Fund Cash Balances, January 1  | <hr/>                          | <hr/>                      | <hr/>                          | <hr/>                                   |
|  | 73,244                         | 199,416                    | 1,471                          | 274,131                                 |
| <b>Fund Cash Balances, December 31</b>   | <hr/> <b>\$56,792</b>          | <hr/> <b>\$246,941</b>     | <hr/> <b>\$1,533</b>           | <hr/> <b>\$305,266</b>                  |

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

**JEFFERSON TOWNSHIP  
ROSS COUNTY**

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

|  | <u>Governmental Fund Types</u> |                            |                             |                                | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|--------------------------------|----------------------------|-----------------------------|--------------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> | <u>Nonexpendable<br/>Trust</u> |   |
| <b>Cash Receipts:</b>  |                                |                            |                             |                                |   |
| Local Taxes  | \$13,037                       | \$43,200                   | \$0                         | \$0                            | \$56,237                                |
| Intergovernmental  | 55,002                         | 65,203                     | 18,750                      | 0                              | 138,955                                 |
| Charges for Services   | 3,750                          | 0                          | 0                           | 0                              | 3,750                                   |
| Licenses, Permits, and Fees  | 0                              | 6,625                      | 0                           | 0                              | 6,625                                   |
| Earnings on Investments  | 8,929                          | 3,610                      | 0                           | 62                             | 12,601                                  |
| Other Revenue  | 88                             | 5,182                      | 0                           | 0                              | 5,270                                   |
| <b>Total Cash Receipts</b>   | <u>80,806</u>                  | <u>123,820</u>             | <u>18,750</u>               | <u>62</u>                      | <u>223,438</u>                          |
| <b>Cash Disbursements:</b>   |                                |                            |                             |                                |   |
| Current:   |                                |                            |                             |                                |   |
| General Government   | 57,802                         | 223                        | 0                           | 0                              | 58,025                                  |
| Public Safety  | 6,236                          | 10,186                     | 0                           | 0                              | 16,422                                  |
| Public Works   | 9,334                          | 58,058                     | 18,750                      | 0                              | 86,142                                  |
| Health   | 3,640                          | 28,562                     | 0                           | 0                              | 32,202                                  |
| Capital Outlay   | 0                              | 31,834                     | 0                           | 0                              | 31,834                                  |
| <b>Total Cash Disbursements</b>  | <u>77,012</u>                  | <u>128,863</u>             | <u>18,750</u>               | <u>0</u>                       | <u>224,625</u>                          |
| <b>Total Receipts Over/(Under) Disbursements</b>   | <u>3,794</u>                   | <u>(5,043)</u>             | <u>0</u>                    | <u>62</u>                      | <u>(1,187)</u>                          |
| <b>Other Financing Receipts/(Disbursements):</b>   |                                |                            |                             |                                |   |
| Other Sources  | 72                             | 0                          | 0                           | 0                              | 72                                      |
| <b>Total Other Financing Receipts/(Disbursements)</b>  | <u>72</u>                      | <u>0</u>                   | <u>0</u>                    | <u>0</u>                       | <u>72</u>                               |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 3,866                          | (5,043)                    | 0                           | 62                             | (1,115)                                 |
| Fund Cash Balances, January 1  | 69,378                         | 204,459                    | 0                           | 1,409                          | 275,246                                 |
| <b>Fund Cash Balances, December 31</b>   | <u><b>\$73,244</b></u>         | <u><b>\$199,416</b></u>    | <u><b>\$0</b></u>           | <u><b>\$1,471</b></u>          | <u><b>\$274,131</b></u>                 |

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



**JEFFERSON TOWNSHIP  
ROSS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Jefferson Township, Ross County, Ohio (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical 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. STAR Ohio is recorded at share values reported by the mutual fund.

**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:

**JEFFERSON TOWNSHIP  
ROSS COUNTY**

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

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

**D. Fund Accounting, Continued**

**2. Special Revenue Funds Continued**

*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.

*Fire Special Levy Fund* - This fund receives property taxes levied by the Township for fire and EMS protection for the Township.

**3. Capital Projects 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 projects funds:

*Issue II Fund* - The fund records the value of on be-half payment ( as receipts and disbursements ) made by the County to repair or replace Township road with Issue Two funding provided the County.

**4. Fiduciary Fund (Trust Fund)**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

*Cemetery Bequest Fund* - This fund receives money to be held in a non-expendable trust by the Township with earnings designated for upkeep and/or improvements to the cemeteries in the Township.

**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 function 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.

**JEFFERSON TOWNSHIP  
ROSS COUNTY**

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

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

**E. Budgetary Process, (Continued)**

**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 re-appropriated in the subsequent year.

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.

**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                | \$154,066 | \$122,931 |
| Certificates of deposit        | 51,200    | 51,200    |
| Total deposits                 | 205,266   | 174,131   |
| STAR Ohio                      | 100,000   | 100,000   |
| Total investments              | 100,000   | 100,000   |
| Total deposits and investments | \$305,266 | \$274,131 |

**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.

**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 ended December 31, 2001 and December 31, 2000 follows:

| <b>2001 Budgeted vs. Actual Receipts</b> |                      |                    |          |
|--|----------------------|--------------------|----------|
| Fund Type                                | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
| General                                  | \$72,533             | \$74,433           | \$1,900  |
| Special Revenue                          | 122,584              | 129,854            | 7,270    |
| Fiduciary                                | 62                   | 62                 | 0        |
| Total                                    | \$195,179            | \$204,349          | \$9,170  |

**JEFFERSON TOWNSHIP  
ROSS COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

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

| Fund Type       | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance         |
|-----------------|----------------------------|---------------------------|------------------|
| General         | \$143,500                  | \$90,885                  | \$52,615         |
| Special Revenue | 307,000                    | 82,329                    | 224,671          |
| Total           | <u>\$450,500</u>           | <u>\$173,214</u>          | <u>\$277,286</u> |

**2000 Budgeted vs. Actual Receipts**

| Fund Type        | Budgeted<br>Receipts | Actual<br>Receipts | Variance        |
|------------------|----------------------|--------------------|-----------------|
| General          | \$67,124             | \$80,878           | \$13,754        |
| Special Revenue  | 105,129              | 123,820            | 18,691          |
| Capital Projects | 0                    | 18,750             | 18,750          |
| Fiduciary        | 66                   | 62                 | (4)             |
| Total            | <u>\$172,319</u>     | <u>\$223,510</u>   | <u>\$51,191</u> |

**2000 Budgeted vs. Actual Budgetary Basis Expenditures**

| Fund Type        | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance         |
|------------------|----------------------------|---------------------------|------------------|
| General          | \$135,000                  | \$77,012                  | \$57,988         |
| Special Revenue  | 307,003                    | 128,863                   | 178,140          |
| Capital Projects | 18,750                     | 18,750                    | 0                |
| Total            | <u>\$460,753</u>           | <u>\$224,625</u>          | <u>\$236,128</u> |

**4. PROPERTY TAX**

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

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

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

**6. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

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

Jefferson Township  
Ross County  
1022 Jackson Street  
Richmond Dale, Ohio 45673

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Ross County, Ohio (the Township) as of and for the years ended December 31, 2001 and December 31, 2001, and have issued our report thereon dated March 9, 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 no instance of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 9, 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.

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

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.

**JIM PETRO**  
Auditor of State

March 9, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

**JEFFERSON TOWNSHIP**

**ROSS 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  
APRIL 16, 2002**