



**Auditor of State  
Betty Montgomery**



JEFFERSON TOWNSHIP  
CRAWFORD COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Jefferson Township  
Crawford County  
6317 Lower Leesville Road  
Crestline, Ohio 44827

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 2002, and December 31, 2001. 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 Jefferson Township, Crawford County, Ohio, as of December 31, 2002, and December 31, 2001, 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 19, 2003, 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.

Jefferson Township  
Crawford County  
Independent Accountants' Report  
Page 2

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 Section 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**BETTY MONTGOMERY**  
Auditor of State

March 19, 2003

**JEFFERSON TOWNSHIP  
CRAWFORD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Local Taxes	\$14,886	\$146,381	\$161,267
Intergovernmental	18,896	82,460	101,356
Licenses, Permits, and Fees	2,415	0	2,415
Earnings on Investments	1,805	464	2,269
Other Revenue	1,126	0	1,126
	<b>39,128</b>	<b>229,305</b>	<b>268,433</b>
<b>Cash Disbursements:</b>			
Current:			
General Government	40,355	0	40,355
Public Safety	0	64,730	64,730
Public Works	350	51,165	51,515
Health	7,069	0	7,069
Debt Service:			
Redemption of Principal	0	65,000	65,000
Interest and Fiscal Charges	0	1,068	1,068
Capital Outlay	1,942	68,525	70,467
	<b>49,716</b>	<b>250,488</b>	<b>300,204</b>
Total Cash Receipts (Under) Cash Disbursements	<b>(10,588)</b>	<b>(21,183)</b>	<b>(31,771)</b>
<b>Other Financing Receipts and (Disbursements):</b>			
Advances-In	25,000	25,000	50,000
Advances-Out	(25,000)	(25,000)	(50,000)
Proceeds of Note	0	65,000	65,000
Other Sources	942	0	942
	<b>942</b>	<b>65,000</b>	<b>65,942</b>
Total Other Financing Receipts/(Disbursements)	<b>942</b>	<b>65,000</b>	<b>65,942</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<b>(9,646)</b>	<b>43,817</b>	<b>34,171</b>
Fund Cash Balances, January 1, 2002	<b>63,874</b>	<b>41,919</b>	<b>105,793</b>
<b>Fund Cash Balances, December 31, 2002</b>	<b>\$54,228</b>	<b>\$85,736</b>	<b>\$139,964</b>

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

**JEFFERSON TOWNSHIP  
CRAFORD 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>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Local Taxes	\$14,855	\$56,989	\$71,844
Intergovernmental	29,669	67,194	96,863
Licenses, Permits, and Fees	1,365	0	1,365
Earnings on Investments	3,932	913	4,845
Other Revenue	912	0	912
	<u>50,733</u>	<u>125,096</u>	<u>175,829</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	39,609	0	39,609
Public Safety	0	27,679	27,679
Public Works	2,300	89,867	92,167
Health	6,884	0	6,884
Capital Outlay	0	2,500	2,500
	<u>48,793</u>	<u>120,046</u>	<u>168,839</u>
Total Cash Receipts Over Cash Disbursements	1,940	5,050	6,990
Fund Cash Balances, January 1, 2001	<u>61,934</u>	<u>36,869</u>	<u>98,803</u>
<b>Fund Cash Balances, December 31, 2001</b>	<b><u>\$63,874</u></b>	<b><u>\$41,919</u></b>	<b><u>\$105,793</u></b>

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



**JEFFERSON TOWNSHIP  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Jefferson Township, Crawford 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, and fire protection services. The Township is a member of the Central Joint Ambulance District, which contracts with Medcorp, Inc. to provide ambulance services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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.

**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  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

*Special Levy Fund*- This fund receives property tax money to pay for fire protection and emergency medical services.

**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, and 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.

A summary of 2002 and 2001 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  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(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:

	2002	2001
Deposits	\$10,462	\$8,427
STAR Ohio	129,502	97,366
Total deposits and investments	\$139,964	\$105,793

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**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, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,454	\$40,070	\$2,616
Special Revenue	224,593	294,305	69,712
Total	\$262,047	\$334,375	\$72,328

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$76,330	\$49,716	\$26,614
Special Revenue	266,511	250,488	16,023
Total	\$342,841	\$300,204	\$42,637

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$36,879	\$50,733	\$13,854
Special Revenue	127,675	125,096	(2,579)
Total	\$164,554	\$175,829	\$11,275

**JEFFERSON TOWNSHIP  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$98,814	\$48,793	\$50,021
Special Revenue	164,542	120,046	44,496
Total	\$263,356	\$168,839	\$94,517

**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 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. DEBT**

Debt issued and retired in 2002 was as follows:

	Principal	Interest Rate
Truck Loan	\$65,000	4.75%

**6. RETIREMENT SYSTEMS**

Township officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The 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 contribute 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

**JEFFERSON TOWNSHIP  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicle

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**Auditor of State  
Betty Montgomery**

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

Jefferson Township  
Crawford County  
6317 Lower Leesville Road  
Crestline, Ohio 44827

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated March 19, 2003. 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 2002-40517-001 and 2002-40517-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 19, 2003.

**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 a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 19, 2003.

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

This report is intended solely 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**BETTY MONTGOMERY**  
Auditor of State

March 19, 2003



**JEFFERSON TOWNSHIP  
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

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

<b>Finding Number</b>	<b>2002-40517-001</b>
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**Prevailing Wages**

Ohio's Prevailing Wage Law (Ohio Rev. Code Chapter 4115) requires, with certain exceptions, that any public authority wishing to engage in the construction of a public improvement ensure that the workers employed on the project are paid the "prevailing rate of wages." The law applies to any new construction of a public improvement fairly estimated to cost more than \$62,549, and any renovation of a public improvement fairly estimated to cost more than \$18,764 and if the construction or renovation is performed by other than full-time employees of the public authority who are not in the classified civil service of the public authority. Specifically, Ohio Rev. Code Sections 4115.04 through 4115.06 require every public authority authorized to contract for or construct with its own forces a public improvement, before advertising for bids or undertaking such construction with its own forces, to have the Ohio Department of Commerce determine the prevailing rates of wages for the classes of work called for by the public improvement in the locality where such work is to be performed. This schedule of wages is to be attached to and made a part of the specifications for the work and shall be printed on the bidding blanks when the work is done by contract.

In 2001 the Township contracted for a road improvement project in the amount of \$47,920. The Township, however, could not provide evidence that prevailing wages were paid for this project. The expenditures for this contract were \$41,957 and were paid from the Special Revenue Gasoline Tax and Road and Bridge Funds.

We recommend the Township require contractors to agree to pay prevailing wages for contracts involving labor.

<b>Finding Number</b>	<b>2002-40517-002</b>
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**Competitive Bidding**

Ohio Rev. Code Section 505.42 allows a Board of Township Trustees to enter into contracts pursuant to Section 505.37 to 505.42 of the Revised Code for the purchase of equipment for fire-fighting purposes. Such contracts exceeding ten thousand dollars (per Revised Code section 505.376), however, are subject to the competitive bidding requirements of Sections 731.14 to 731.16 of the Revised Code; these requirements essentially require such contracts to be in writing and be made with the lowest and best bidder after advertising for not less than two nor more than four consecutive weeks in a newspaper of general circulation.

In 2002, the Township purchased a fire truck for \$65,000, but did not follow competitive bidding requirements. We recommend the Township competitively bid all purchases of fire equipment exceeding ten thousand dollars.

**JEFFERSON TOWNSHIP  
CRAWFORD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2000-40517-001	Ohio Rev. Code Sections 4115.04 and 4115.05, failure to pay prevailing wages	No	Not corrected. This citation is being repeated in the current audit period as finding number 2002-40517-001



**Auditor of State  
Betty Montgomery**

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**JEFFERSON TOWNSHIP**

**CRAWFORD 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 8, 2003**