



**JEFFERSON TOWNSHIP
LOGAN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

JEFFERSON TOWNSHIP
LOGAN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Jefferson Township
Logan County
P.O. Box 93
Zanesfield, Ohio 43360

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Logan County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 and reserves for encumbrances of the Township as of December 31, 1999 and 1998, 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 8, 2000 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.

This report is intended solely for the information and use of the audit committee, management, the 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

May 8, 2000

**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, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$37,889	\$34,267	\$0	\$72,156
Intergovernmental	48,685	72,587		121,272
Licenses, Permits, and Fees	5,553	4,060		9,613
Earnings on Investments	1,365	535		1,900
Other Revenue	449	5,255		5,704
	<u>93,941</u>	<u>116,704</u>	<u>0</u>	<u>210,645</u>
Total Cash Receipts				
	<u>93,941</u>	<u>116,704</u>	<u>0</u>	<u>210,645</u>
Cash Disbursements:				
Current:				
General Government	57,857			57,857
Public Works	29,541	45,838		75,379
Health		13,658		13,658
Conservation - Recreation	2,991	2,567		5,558
Capital Outlay	6,610	37,317	8,008	51,935
	<u>96,999</u>	<u>99,380</u>	<u>8,008</u>	<u>204,387</u>
Total Cash Disbursements				
	<u>96,999</u>	<u>99,380</u>	<u>8,008</u>	<u>204,387</u>
Total Receipts Over/(Under) Disbursements	<u>(3,058)</u>	<u>17,324</u>	<u>(8,008)</u>	<u>6,258</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		2,821	8,008	10,829
Transfers-Out	(10,829)			(10,829)
Other Sources	510			510
	<u>(10,319)</u>	<u>2,821</u>	<u>8,008</u>	<u>510</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(10,319)</u>	<u>2,821</u>	<u>8,008</u>	<u>510</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(13,377)</u>	<u>20,145</u>	<u>0</u>	<u>6,768</u>
Fund Cash Balances, January 1	<u>62,325</u>	<u>35,936</u>	<u>0</u>	<u>98,261</u>
Fund Cash Balances, December 31	<u>\$48,948</u>	<u>\$56,081</u>	<u>\$0</u>	<u>\$105,029</u>
Reserve for Encumbrances, December 31	<u>\$13,330</u>	<u>\$13,579</u>	<u>\$0</u>	<u>\$26,909</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, 1999

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Earnings on Investments	<u>\$3,150</u>
Operating Income/(Loss)	3,150
Fund Cash Balances, January 1	<u>50,040</u>
Fund Cash Balances, December 31	<u><u>\$53,190</u></u>
Reserve for Encumbrances, December 31	<u><u>\$0</u></u>

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, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$33,302	\$31,738		\$65,040
Intergovernmental	75,041	84,415	\$42,279	201,735
Licenses, Permits, and Fees	5,138	3,431		8,569
Earnings on Investments	1,127	617		1,744
Other Revenue	8,079	3,448		11,527
	<u>122,687</u>	<u>123,649</u>	<u>42,279</u>	<u>288,615</u>
Total Cash Receipts				
	<u>122,687</u>	<u>123,649</u>	<u>42,279</u>	<u>288,615</u>
Cash Disbursements:				
Current:				
General Government	62,501			62,501
Public Works	1,475	68,301		69,776
Health		15,631		15,631
Conservation - Recreation	4,463	715		5,178
Capital Outlay	1,245	57,928	42,279	101,452
	<u>69,684</u>	<u>142,575</u>	<u>42,279</u>	<u>254,538</u>
Total Cash Disbursements				
	<u>69,684</u>	<u>142,575</u>	<u>42,279</u>	<u>254,538</u>
Total Receipts Over/(Under) Disbursements	<u>53,003</u>	<u>(18,926)</u>	<u>0</u>	<u>34,077</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		8,063		8,063
Transfers-Out	(8,063)			(8,063)
Other Sources	435			435
	<u>(7,628)</u>	<u>8,063</u>	<u>0</u>	<u>435</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(7,628)</u>	<u>8,063</u>	<u>0</u>	<u>435</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>45,375</u>	<u>(10,863)</u>	<u>0</u>	<u>34,512</u>
Fund Cash Balances, January 1	<u>16,950</u>	<u>46,799</u>	<u>0</u>	<u>63,749</u>
Fund Cash Balances, December 31	<u>\$62,325</u>	<u>\$35,936</u>	<u>\$0</u>	<u>\$98,261</u>
Reserve for Encumbrances, December 31	<u>\$6,623</u>	<u>\$6,895</u>	<u>\$0</u>	<u>\$13,518</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, 1998

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Earnings on Investments	<u>\$3,265</u>
Operating Income/(Loss)	3,265
Fund Cash Balances, January 1	<u>46,775</u>
Fund Cash Balances, December 31	<u><u>\$50,040</u></u>
Reserve for Encumbrances, December 31	<u><u>\$0</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, 1999 AND 1998**

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 general governmental services, including road and bridge maintenance, and cemetery maintenance.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit are valued at cost. 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.

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

Park Fund - This fund receives grant money from the State of Ohio to maintain and improve the Township park.

**JEFFERSON TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Issue II Fund - The Township received a grant from the State of Ohio to repair Township roads.

4. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

Cemetery Bequest Fund - This is a non-expendable trust fund. Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the 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 1999 and 1998 budgetary activity appears in Note 3.

**JEFFERSON TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Unpaid Vacation Leave

Employees are entitled to cash payments for unused vacation leave in certain circumstances, such as upon leaving employment. Unpaid vacation is not reflected as a liability under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$109,703	\$102,935
Certificates of deposit	48,516	45,366
Total deposits	\$ 158,219	\$ 148,301

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$127,291	\$94,451	(\$32,840)
Special Revenue	104,786	119,525	14,739
Capital Projects	123,427	8,008	(115,419)
Fiduciary	2,450	3,150	700
Total	\$357,954	\$225,134	(\$132,820)

**JEFFERSON TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$189,891	\$121,158	\$68,733
Special Revenue	145,210	112,959	32,251
Capital Projects	123,427	8,008	115,419
Fiduciary	0	0	0
Total	<u>\$458,528</u>	<u>\$242,125</u>	<u>\$216,403</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$138,290	\$123,122	(\$15,168)
Special Revenue	121,200	131,712	10,512
Capital Projects	42,279	42,279	0
Fiduciary	1,300	3,265	1,965
Total	<u>\$303,069</u>	<u>\$300,378</u>	<u>(\$2,691)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$155,165	\$84,370	\$70,795
Special Revenue	166,984	149,470	17,514
Capital Projects	42,279	42,279	0
Fiduciary	0	0	0
Total	<u>\$364,428</u>	<u>\$276,119</u>	<u>\$88,309</u>

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.

**JEFFERSON TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. LEASE OBLIGATIONS

Debt outstanding at December 31, was as follows:

	Principal	Interest Rate
Ford Motor Credit - Truck	\$11,408	6.75%
Case Backhoe	\$13,366	5.75%
International Dump Truck	\$58,451	6.27%

The Township acquired a 1998 dump truck through a lease purchase program with Ford Motor Credit. In addition, the township acquired a Case backhoe in 1998 through a lease purchase program with Case Credit Corporation. Also, the township acquired a 2000 International dump truck through a lease purchase program with Dublin Capital Corporation. The lease payments on the 2000 International dump truck do not begin until the year 2000. The lease payments for the debt with Ford Motor Credit are being paid from the Special Revenue Gas Tax Fund. The lease payments for the debt with Case Credit Corporation are being paid from the Motor Vehicle License Tax Fund. Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Principal	Interest	Total
2000	\$35,086	\$5,206	\$40,292
2001	10,960	3,020	13,980
2002	11,647	2,333	13,980
2003	12,378	1,602	13,980
2004	<u>13,154</u>	<u>825</u>	<u>13,979</u>
Total	<u>\$83,225</u>	<u>\$12,986</u>	<u>\$96,211</u>

6. RETIREMENT SYSTEMS

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 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- General liability
- Public Officials Errors and Omissions Coverage
- Automobile Liability
- Automobile Physical Liability
- Property Coverage: Building & Contents Inland Marine

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

**JEFFERSON TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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.



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 93
Zanesfield, Ohio 43360

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Logan County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 8, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are 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 May 8, 2000.

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 8, 2000.

Jefferson Township
Logan 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 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 fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

May 8, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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
JUNE 15, 2000**