



**JEFFERSON TOWNSHIP
ROSS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying financial statements of Jefferson Township, Ross County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 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 audits.

We conducted our audits 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 audits 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 audits provide 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 Township as of December 31, 1999 and December 31, 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 February 18, 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 management, 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".

JIM PETRO
Auditor of State

February 18, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Non- Expendable</u>	
Cash Receipts:					
Local Taxes	\$12,624	\$28,633	\$13,496	\$0	\$54,753
Intergovernmental	51,295	62,834	0	0	114,129
Charges for Services	4,800	0	0	0	4,800
Licenses, Permits, and Fees	0	6,300	0	0	6,300
Earnings on Investments	7,091	3,056	0	66	10,213
Other Revenue	94	18,357	0	0	18,451
	<u>75,904</u>	<u>119,180</u>	<u>13,496</u>	<u>66</u>	<u>208,646</u>
Total Cash Receipts					
	<u>75,904</u>	<u>119,180</u>	<u>13,496</u>	<u>66</u>	<u>208,646</u>
Cash Disbursements:					
Current:					
General Government	45,849	28	0	0	45,877
Public Safety	2,917	23,158	0	0	26,075
Public Works	5,395	42,743	0	0	48,138
Health	12,005	7,485	0	0	19,490
Debt Service:					
Redemption of Principal	0	0	13,332	0	13,332
Interest and Fiscal Charges	0	0	1,623	0	1,623
Capital Outlay	0	22,043	0	0	22,043
	<u>66,166</u>	<u>95,457</u>	<u>14,955</u>	<u>0</u>	<u>176,578</u>
Total Cash Disbursements					
	<u>66,166</u>	<u>95,457</u>	<u>14,955</u>	<u>0</u>	<u>176,578</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>9,738</u>	<u>23,723</u>	<u>(1,459)</u>	<u>66</u>	<u>32,068</u>
Other Financing Receipts/(Disbursements):					
Other Sources	214	0	0	0	214
Total Other Financing Receipts/(Disbursements)	<u>214</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>214</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>9,952</u>	<u>23,723</u>	<u>(1,459)</u>	<u>66</u>	<u>32,282</u>
Fund Cash Balances, January 1, 1999	<u>59,425</u>	<u>180,736</u>	<u>1,459</u>	<u>1,343</u>	<u>242,963</u>
Fund Cash Balances, December 31, 1999	<u><u>\$69,377</u></u>	<u><u>\$204,459</u></u>	<u><u>\$0</u></u>	<u><u>\$1,409</u></u>	<u><u>\$275,245</u></u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Non- Expendable</u>	
Cash Receipts:					
Local Taxes	\$11,169	\$25,840	\$14,793	\$0	\$51,802
Intergovernmental	41,129	57,772	0	0	98,901
Charges for Services	4,450	0	0	0	4,450
Licenses, Permits, and Fees	0	3,450	0	0	3,450
Earnings on Investments	7,696	2,585	0	66	10,347
Other Revenue	111	16,292	0	0	16,403
	<u>64,555</u>	<u>105,939</u>	<u>14,793</u>	<u>66</u>	<u>185,353</u>
Total Cash Receipts					
	<u>64,555</u>	<u>105,939</u>	<u>14,793</u>	<u>66</u>	<u>185,353</u>
Cash Disbursements:					
Current:					
General Government	40,592	105	0	0	40,697
Public Safety	6,388	17,873	0	0	24,261
Public Works	9,808	50,107	0	0	59,915
Health	5,110	12,620	0	0	17,730
Debt Service:					
Redemption of Principal	0	0	26,668	0	26,668
Interest and Fiscal Charges	0	0	2,194	0	2,194
Capital Outlay	0	24,000	0	0	24,000
	<u>61,898</u>	<u>104,705</u>	<u>28,862</u>	<u>0</u>	<u>195,465</u>
Total Cash Disbursements					
	<u>61,898</u>	<u>104,705</u>	<u>28,862</u>	<u>0</u>	<u>195,465</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>2,657</u>	<u>1,234</u>	<u>(14,069)</u>	<u>66</u>	<u>(10,112)</u>
Other Financing Receipts/(Disbursements):					
Other Sources	2,102	0	0	0	2,102
	<u>2,102</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,102</u>
Total Other Financing Receipts/(Disbursements)					
	<u>2,102</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,102</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	4,759	1,234	(14,069)	66	(8,010)
Fund Cash Balances, January 1, 1998	54,666	179,502	15,528	1,277	250,973
Fund Cash Balances, December 31, 1998	<u>\$59,425</u>	<u>\$180,736</u>	<u>\$1,459</u>	<u>\$1,343</u>	<u>\$242,963</u>

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

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

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 general governmental services, including 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

Certificates of deposit are valued at cost. 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:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Funds:

General Bond (Note) Retirement Fund - This fund is used to accumulate funds to pay back the note on the fire squad vehicle.

4. Fiduciary Fund

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. The Township had the following significant fiduciary fund:

Cemetery Non-Expendable Trust - Interest earned on the "corpus" of the trust is used for the upkeep of the cemetery.

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.

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 1999 and 1998 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.

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$175,186	\$122,904
Certificates of deposit	<u>60,059</u>	<u>60,059</u>
Total deposits	<u>235,245</u>	<u>182,963</u>
STAR Ohio	<u>40,000</u>	<u>60,000</u>
Total investments	<u>40,000</u>	<u>60,000</u>
Total deposits and investments	<u><u>\$275,245</u></u>	<u><u>\$242,963</u></u>

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 funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$75,370	\$76,118	\$748
Special Revenue	99,881	119,180	19,299
Debt Service	13,496	13,496	0
Fiduciary	<u>66</u>	<u>66</u>	<u>0</u>
Total	<u><u>\$188,813</u></u>	<u><u>\$208,860</u></u>	<u><u>\$20,047</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$120,099	\$66,166	\$53,933
Special Revenue	266,347	95,457	170,890
Debt Service	<u>14,955</u>	<u>14,955</u>	<u>0</u>
Total	<u><u>\$401,401</u></u>	<u><u>\$176,578</u></u>	<u><u>\$224,823</u></u>

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$55,254	\$66,657	\$11,403
Special Revenue	86,679	105,939	19,260
Debt Service	14,793	14,793	0
Fiduciary	66	66	0
Total	<u>\$156,792</u>	<u>\$187,455</u>	<u>\$30,663</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$109,594	\$61,898	\$47,696
Special Revenue	265,132	104,705	160,427
Debt Service	15,528	28,862	(13,334)
Fiduciary	1,343	0	1,343
Total	<u>\$391,597</u>	<u>\$195,465</u>	<u>\$196,132</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.

5. 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.

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

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

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

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

We have audited the accompanying financial statements of Jefferson Township, Ross County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated February 18, 2000. We conducted our audits 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 a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated February 18, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 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 February 18, 2000.

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", written in a cursive style.

JIM PETRO
Auditor of State

February 18, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
MAY 9, 2000**