



**JEFFERSON TOWNSHIP
JACKSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

JEFFERSON TOWNSHIP
JACKSON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Jefferson Township
Jackson County
1264 Antioch Road
Oak Hill, Ohio 45656

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Jackson County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. 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 Jefferson Township, Jackson County, as of December 31, 2000 and 1999, 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 July 18, 2001, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 18, 2001

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**JEFFERSON TOWNSHIP
JACKSON COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$ 17,937	\$ 24,651	\$	\$ 42,588
Intergovernmental	47,080	63,176	85,920	196,176
Licenses, Permits, and Fees	22			22
Earnings on Investments	1,351	318		1,669
Other Revenue	632			632
	<u>67,022</u>	<u>88,145</u>	<u>85,920</u>	<u>241,087</u>
Total Cash Receipts				
	<u>67,022</u>	<u>88,145</u>	<u>85,920</u>	<u>241,087</u>
Cash Disbursements:				
Current:				
General Government	61,357			61,357
Public Works		69,663		69,663
Capital Outlay			235,272	235,272
Note Principal Payment		22,707	76,335	99,042
Interest and Fiscal Charges		2,233	10,679	12,912
	<u>61,357</u>	<u>94,603</u>	<u>322,286</u>	<u>478,246</u>
Total Cash Disbursements				
	<u>61,357</u>	<u>94,603</u>	<u>322,286</u>	<u>478,246</u>
Total Cash Receipts Over/(Under) Cash Disbursement	<u>5,665</u>	<u>(6,458)</u>	<u>(236,366)</u>	<u>(237,159)</u>
Other Financing Receipts/(Disbursements):				
Proceeds of Notes			251,709	251,709
	<u>0</u>	<u>0</u>	<u>251,709</u>	<u>251,709</u>
Total Other Financing Receipts/(Disbursements)				
	<u>0</u>	<u>0</u>	<u>251,709</u>	<u>251,709</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	5,665	(6,458)	15,343	14,550
Fund Cash Balances, January 1	<u>29,630</u>	<u>45,797</u>	<u>8,106</u>	<u>83,533</u>
Fund Cash Balances, December 31	<u>\$ 35,295</u>	<u>\$ 39,339</u>	<u>\$ 23,449</u>	<u>\$ 98,083</u>

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

**JEFFERSON TOWNSHIP
JACKSON 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	\$ 16,205	\$ 21,845	\$	\$ 38,050
Intergovernmental	44,242	62,394	81,241	187,877
Licenses, Permits, and Fees	31			31
Earnings on Investments	894	392		1,286
Other Revenue	625			625
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	61,997	84,631	81,241	227,869
Cash Disbursements:				
Current:				
General Government	56,314			56,314
Public Safety				0
Public Works		80,028		80,028
Capital Outlay			10,579	10,579
Note Principal Payment		15,197	57,378	72,575
Interest and Fiscal Charges		3,073	3,701	6,774
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	56,314	98,298	71,658	226,270
Total Cash Receipts Over/(Under) Cash Disbursement	5,683	(13,667)	9,583	1,599
Fund Cash Balances, January 1	23,947	59,464	(1,477)	81,934
Fund Cash Balances, December 31	<u>\$ 29,630</u>	<u>\$ 45,797</u>	<u>\$ 8,106</u>	<u>\$ 83,533</u>

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

**JEFFERSON TOWNSHIP
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jefferson Township, Jackson 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, cemetery maintenance, and fire protection services.

The Township is associated with the Madison-Jefferson Joint Fire District which is defined as a jointly governed organization. This organization is presented in Note 8.

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.

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

C. Cash

The Township Clerk maintains all available funds of the Township in an interest-bearing checking account.

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 for constructing, maintaining and repairing Township roads.

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

**JEFFERSON TOWNSHIP
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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 capital project fund:

Sales Tax-Permanent Improvement- This fund receives a portion of the monies collected for sales tax from the County Auditor for permanent improvement and repayment of debt relating to capital expenditures.

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 object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments as required by Ohio law.

A summary of 2000 and 1999 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
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>2000</u>
Demand Deposits	<u>83,533</u>	<u>98,083</u>

Deposits: Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2000, follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 60,000	\$ 67,022	\$ 7,022
Special Revenue	85,000	88,145	3,145
Capital Project	78,000	337,629	259,629
Total	<u>\$ 223,000</u>	<u>\$ 492,796</u>	<u>\$ 269,796</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 89,300	\$ 61,357	\$ 27,943
Special Revenue	114,000	94,603	19,397
Capital Projects	337,709	322,286	15,423
Total	<u>\$ 541,009</u>	<u>\$ 478,246</u>	<u>\$ 62,763</u>

**JEFFERSON TOWNSHIP
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Budgetary activity for the year ending December 31, 1999, follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 60,000	\$ 61,997	\$ 1,997
Special Revenue	90,000	84,631	(5,369)
Capital Projects	72,000	81,241	9,241
Total	\$ 222,000	\$ 227,869	\$ 5,869

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 87,400	\$ 56,314	\$ 31,086
Special Revenue	91,000	98,298	(7,298)
Capital Projects	72,000	71,658	342
Total	\$ 250,400	\$ 226,270	\$ 24,130

The Township's actual expenditures exceeded appropriations in the Motor Vehicle License Tax and Gasoline Tax Funds at the fund level for 1999 and at the object legal level of control in all funds for both 1999 and 2000, contrary to Ohio Revised Code. In addition, appropriations exceeded the total available resources in the Capital Projects Fund since the Township did not certify the proceeds of debt issued in 2000.

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
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Backhoe Loan	\$ 10,251	6.25%
Road Repair Loan	208,618	6.25%
Total	\$ 218,869	

The backhoe note was for the purchase of a backhoe in 1998. This note, which is secured by the asset, was for \$30,754 and is being repaid in semiannual installments of \$5,126, plus interest, over 3 years.

The road improvement note was issued to pay for road paving done in 1999 and to retire the previous Road Repair Loan issued in 1998. This loan, which is unsecured, was for \$251,709.31 and will be repaid in monthly installments of \$6,000, including interest, over 4 years

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

Year ending December 31:	Backhoe Loan	Road Repair Loan
2001	\$ 10,735	\$ 71,283
2002		71,283
2003		71,283
2004		17,151
Total	\$ 10,735	\$ 231,000

6. RETIREMENT SYSTEMS

The Township's elected 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 post-retirement 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 2000 and 1999, 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. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants gross salaries. The Township has paid all but \$132 of the contributions required through December 31, 2000.

**JEFFERSON TOWNSHIP
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT

Risk Pool Membership

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

Casualty Insurance

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

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

Property Insurance

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

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

Financial Position

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

<u>Casualty Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$22,684,383	\$18,172,222
Liabilities	<u>8,924,977</u>	<u>5,947,013</u>
Retained earnings	<u>\$13,759,406</u>	<u>\$12,225,209</u>
 <u>Property Coverage</u>	 <u>2000</u>	 <u>1999</u>
Assets	\$4,156,784	\$3,544,437
Liabilities	<u>497,831</u>	<u>674,752</u>
Retained earnings	<u>\$3,658,953</u>	<u>\$2,869,685</u>

**JEFFERSON TOWNSHIP
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

8. JOINTLY GOVERNED ORGANIZATION

Madison-Jefferson Joint Fire District - The Madison Jefferson Joint Fire District, Jackson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Fire District is directed by an appointed five-member Board of Trustees. Three members are appointed by the Fire Fighter's Association and one is appointed by each of the Townships which are members in the Fire District. The Fire District provides the community with fire protection. To obtain financial information, write to the Madison Jefferson Joint Fire District, Sue Lambert - Clerk/Treasurer, 311 Madison Street, Box 330, Oak Hill, Ohio 45656.

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

Jefferson Township
Jackson County
1264 Antioch Road
Oak Hill, Ohio 45656

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Jackson County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 18, 2001. 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 2000-40740-001 and 2000-40740-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 18, 2001.

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 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 July 18, 2001.

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.

Jim Petro
Auditor of State

July 18, 2001

**JEFFERSON TOWNSHIP
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-40740-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit shall expend any money unless it has been properly appropriated.

For the year ended December 31, 2000, actual disbursements exceeded appropriations at the legal level of control as follows:

Fund	Line Item	Appropriations	Expenditures	Unfavorable Variance
General	1-A-6 : Insurance	\$ 20,000	\$ 20,828	\$ (828)
	1-A-7 : Burial Expense	1,000	1,200	(200)
	1-A-17: Auditor & Treasurer Fees	1,800	1,947	(147)
	1-D-1: Salaries	6,500	7,490	(990)
Motor Vehicle License Tax	2-A-1: Salaries - Trustees	3,000	5,652	(2,652)
	2-A-5: Supplies	1,000	1,116	(116)
	2-A-9: Other Expenses	1,000	4,716	(3,716)
Gasoline Tax	3-A-1: Salaries - Trustees	8,000	9,411	(1,411)
	3-A-2: PERS	7,000	7,300	(300)
	3-B-3: Contracts	8,000	27,814	(19,814)
Road and Bridge	4-A-5: Supplies	2,000	2,088	(88)
	4-A-13: Other Expenses	4,000	7,386	(3,386)
	4-A-17: Auditor & Treasurer Fees	0	1,233	(1,233)
	4-B-3: Contracts	6,000	8,515	(2,515)
	4-C-1: Salaries	2,000	2,523	(523)

**JEFFERSON TOWNSHIP
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2000-40740-001 (Continued)

Ohio Rev. Code Section 5705.41(B) (Continued)

Noncompliance Citation (Continued)

For the year ended December 31, 1999, actual disbursements exceeded appropriations at the legal level of control as follows:

Fund	Line Item	Appropriations	Expenditures	Unfavorable Variance
General	1-A-6 : Insurance	\$ 23,000	\$ 28,365	\$ (5,365)
	1-A-17: Auditor & Treasurer Fees	2,300	2,407	(107)
Motor Vehicle License Tax	2-A-1: Salaries - Trustees	4,000	4,526	(526)
	2-C-3: Contracts	1,000	1,450	(450)
Gasoline Tax	3-A-1: Salaries - Trustees	8,000	9,411	(1,411)
	3-A-2: PERS	7,000	7,300	(300)
	3-A-3a: Unemployment Comp.	500	979	(479)
	3-A-4: Tools & Equipment	5,000	5,345	(345)
	3-A-5: Supplies	3,000	4,958	(1,958)
	3-A-6: Repairs	2,000	2,136	(136)
Road and Bridge	4-A-1: Salaries - Trustees	5,000	6,035	(1,035)
	4-A-7: Maintenance of Equipment	1,500	5,783	(4,283)

In addition, the 1999 actual disbursements exceeded appropriations at the fund level in the Motor Vehicle License Tax Fund by \$1,848 and in the Gasoline Tax Fund by \$8,304.

We recommend the Township reconcile budgetary amounts posted to the ledgers with the formally adopted budgetary measures and subsequent amendments and ensure actual disbursements are within the appropriated amounts.

**JEFFERSON TOWNSHIP
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2000-40740-002

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states in part that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$1,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Thirty-three percent of expenditures tested in 1999 and 2000 were not properly certified.

We recommend the Clerk certify the availability of funds prior to incurring an obligation.

**JEFFERSON TOWNSHIP
JACKSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid
1997-40740-001	Finding for Recovery in the amount of \$1,375 against John McNeal, Trustee, and Kemper Insurance Group, jointly and severally, in favor of the Jefferson Township General Fund for unauthorized/unallowed reimbursements of out-of-pocket insurance expenses.	No	Not Corrected. The finding has not been addressed by the Township.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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JEFFERSON TOWNSHIP

JACKSON 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
SEPTEMBER 4, 2001**