



**Auditor of State
Betty Montgomery**

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Jefferson Township
Franklin County
6545 Havens Road
Blacklick, Ohio 43004

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Franklin 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 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, Franklin 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 April 8, 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.

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.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

April 8, 2003

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**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

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

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Agency Fund</u>	
Cash Receipts:						
Local Taxes	\$103,439	\$1,393,894	\$134,470	\$0	\$0	\$1,631,803
Intergovernmental	299,630	247,213	15,662			562,505
Special Assessments		11,376				11,376
Licenses, Permits, and Fees	106,537	25,653				132,190
Earnings on Investments	22,621	883	445	766		24,715
Other Revenue	66,053	75,878			150,510	292,441
Total Cash Receipts	<u>598,280</u>	<u>1,754,897</u>	<u>150,577</u>	<u>766</u>	<u>150,510</u>	<u>2,655,030</u>
Cash Disbursements:						
Current:						
General Government	476,550	161,724				638,274
Public Safety		1,219,380				1,219,380
Public Works	28,377	308,428				336,805
Health		12,923				12,923
Conservation - Recreation	34,367					34,367
Miscellaneous					102,676	102,676
Debt Service:						
Redemption of Principal			90,000			90,000
Interest and Fiscal Charges			97,592			97,592
Capital Outlay		75,931	1,622	160,936		238,489
Total Cash Disbursements	<u>539,294</u>	<u>1,778,386</u>	<u>189,214</u>	<u>160,936</u>	<u>102,676</u>	<u>2,770,506</u>
Total Receipts Over/(Under) Disbursements	<u>58,986</u>	<u>(23,489)</u>	<u>(38,637)</u>	<u>(160,170)</u>	<u>47,834</u>	<u>(115,476)</u>
Other Financing Receipts and (Disbursements):						
Proceeds of Debt		250,000	25,000			275,000
Transfers-In		50,000	27,742			77,742
Advances-In		8,000				8,000
Transfers-Out	(77,742)					(77,742)
Advances-Out	(8,000)					(8,000)
Other Uses	(9,169)					(9,169)
Total Other Financing Receipts/(Disbursements)	<u>(94,911)</u>	<u>308,000</u>	<u>52,742</u>	<u>0</u>	<u>0</u>	<u>265,831</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(35,925)	284,511	14,105	(160,170)	47,834	150,355
Fund Cash Balances, January 1	308,857	464,335	42,597	172,271	132,044	1,120,104
Fund Cash Balances, December 31	<u>\$272,932</u>	<u>\$748,846</u>	<u>\$56,702</u>	<u>\$12,101</u>	<u>\$179,878</u>	<u>\$1,270,459</u>

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

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

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

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Agency Fund</u>	
Cash Receipts:						
Local Taxes	\$98,014	\$1,362,462	\$133,330	\$0	\$0	\$1,593,806
Intergovernmental	339,143	230,779	14,994			584,916
Special Assessments		13,623				13,623
Licenses, Permits, and Fees	54,515	12,859				67,374
Earnings on Investments	40,548	152	2,210	22,961		65,871
Other Revenue	71,201	50,980		25,000	87,250	234,431
Total Cash Receipts	<u>603,421</u>	<u>1,670,855</u>	<u>150,534</u>	<u>47,961</u>	<u>87,250</u>	<u>2,560,021</u>
Cash Disbursements:						
Current:						
General Government	378,292	150,341				528,633
Public Safety		1,077,480				1,077,480
Public Works	10,490	293,361				303,851
Health	1,000	13,335				14,335
Conservation - Recreation	32,747					32,747
Miscellaneous					54,000	54,000
Debt Service:						
Redemption of Principal			100,000			100,000
Interest and Fiscal Charges			100,729			100,729
Capital Outlay		132,399	1,690	1,070,943		1,205,032
Total Cash Disbursements	<u>422,529</u>	<u>1,666,916</u>	<u>202,419</u>	<u>1,070,943</u>	<u>54,000</u>	<u>3,416,807</u>
Total Receipts Over/(Under) Disbursements	<u>180,892</u>	<u>3,939</u>	<u>(51,885)</u>	<u>(1,022,982)</u>	<u>33,250</u>	<u>(856,786)</u>
Other Financing Receipts and (Disbursements):						
Proceeds of Debt		54,000	50,000			104,000
Transfers-In		65,000	23,775			88,775
Transfers-Out	(88,775)					(88,775)
Other Uses	(5,000)					(5,000)
Total Other Financing Receipts/(Disbursements)	<u>(93,775)</u>	<u>119,000</u>	<u>73,775</u>	<u>0</u>	<u>0</u>	<u>99,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	87,117	122,939	21,890	(1,022,982)	33,250	(757,786)
Fund Cash Balances, January 1	<u>221,740</u>	<u>341,396</u>	<u>20,707</u>	<u>1,195,253</u>	<u>98,794</u>	<u>1,877,890</u>
Fund Cash Balances, December 31	<u>\$308,857</u>	<u>\$464,335</u>	<u>\$42,597</u>	<u>\$172,271</u>	<u>\$132,044</u>	<u>\$1,120,104</u>

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

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jefferson Township, Franklin 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 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 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.

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

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 Fund:

Fire Fund - This fund receives property tax money for providing security of persons and property for Township residents.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Funds

The debt service funds are used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Bond (Note) Retirement Fund - This fund receives property tax money for the retirement of general obligation bonds for the construction of a new fire station.

4. 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 Fund:

Bonds Fund - This fund received the bond proceeds for the construction of a new fire station.

5. Fiduciary Funds (Agency Fund)

This fund is used to account for funds for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Fund:

Agency Fund - This fund receives money held for contractors until compliance requirements have been met for the development or maintenance of Township property.

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. 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
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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 reappropriated in the subsequent year. The Township did not encumber all commitments as required by Ohio law.

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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

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
Demand deposits	\$1,269,085	\$173,344
Total deposits	1,269,085	173,344
STAR Ohio	1,374	946,760
Total investments	1,374	946,760
Total deposits and investments	\$1,270,459	\$1,120,104

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

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

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	\$452,966	\$598,280	\$145,314
Special Revenue	1,756,526	2,054,897	298,371
Debt Service	181,042	203,319	22,277
Capital Projects	45,286	766	(44,520)
Agency	51,500	150,510	99,010
Total	\$2,487,320	\$3,007,772	\$520,452

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$720,322	\$626,205	\$94,117
Special Revenue	1,997,989	1,778,386	219,603
Debt Service	164,592	189,214	(24,622)
Capital Projects	172,271	160,936	11,335
Agency	106,956	102,676	4,280
Total	\$3,162,130	\$2,857,417	\$304,713

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$738,344	\$603,421	(\$134,923)
Special Revenue	1,937,075	1,789,855	(147,220)
Debt Service	185,914	224,309	38,395
Capital Projects	42,500	47,961	5,461
Agency	50,000	87,250	37,250
Total	\$2,953,833	\$2,752,796	(\$201,037)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$653,668	\$516,304	\$137,364
Special Revenue	1,831,716	1,666,916	164,800
Debt Service	153,725	202,419	(48,694)
Capital Projects	1,235,252	1,070,943	164,309
Fiduciary	76,116	54,000	22,116
Total	\$3,950,477	\$3,510,582	\$439,895

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

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

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 outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
General Obligation Bonds, Series 1998A	\$895,000	variable
General Obligation Bonds, Series 1998B	\$900,000	5%
Township Building Notes (7th Renewal)	\$25,000	3%
Equipment Bonds (Dump Truck)	\$39,242	5.25%
Lease Agreement (Fire Truck)	250,000	3.21%
Total	\$2,109,242	

The General Obligation Bonds were issued for the purpose of constructing a fire station, furnishing and equipping the fire station and acquiring land and interest in land necessary for the construction. The bonds are collateralized solely by the Township's taxing authority.

The Township Building Note was issued to retire a portion of the remaining principal of the prior Township Building Note, which was used for the purpose of acquiring, renovating and expanding land and a building for Township purposes.

The Equipment Bonds were issued for the purchase of dump truck to be used for Township road maintenance.

The Township entered into a lease agreement with The Fifth Third Bank of Columbus on December 2, 2002 for the purchase of a fire truck.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

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

5. DEBT (Continued)

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

	General Obligation Bonds, Series 1998A	General Obligation Bonds, Series 1998B	Township Building Notes	Dump Truck Equipment Bonds	Fire Truck Lease Agreement
Year ending December 31:					
2003	\$67,350	\$65,000	\$25,750	\$12,420	\$54,520
2004	70,850	69,000		12,420	54,520
2005	68,975	67,750		12,420	54,520
2006	67,100	66,500		6,210	54,520
2007	70,225	70,250			54,520
2008-2012	366,220	366,500			
2013-2017	400,608	396,250			
2018-2022	338,620	350,000			
Total	<u>\$1,449,948</u>	<u>\$1,451,250</u>	<u>\$25,750</u>	<u>\$43,470</u>	<u>\$272,600</u>

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide 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 2002 and 2001, the Township paid 100% of all full-time Fire Department employees' contributions to OP&F, which was 10% of their wages. The Township also contributed an amount equal to 24% of their wages to OP&F. The Township paid 100% of all full-time and permanent part-time administrative and Service Department employees' contributions to PERS, which was 8.5% of their wages. The Township also contributed an amount equal to 13.55% of participants' gross salaries for 2001 and 2002. The Township has paid all contributions required through December 31, 2002.

7. SOCIAL SECURITY

The Township's part-time fire-fighters hired after August 3, 1992 belong to the Social Security Administration and pay FICA taxes.

FICA contribution rates are approved by the United States Congress. Members of FICA contributed 6.2% of their wages to FICA. The Township also contributed an amount equal to 6.2% of their wages.

The Township has paid all contributions required through December 31, 2002.

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

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

8. 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 coverage 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 Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. 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, which the General Reinsurance Corporation will reinsure.

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 Coverage

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, which is the latest information available, (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>
 <u>Property Coverage</u>	 <u>2001</u>	 <u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

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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
Franklin County
6545 Havens Road
Blacklick, Ohio 43004

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Franklin 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 April 8, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-40625-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 8, 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 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 April 8, 2003.

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

April 8, 2003

**JEFFERSON TOWNSHIP
FRANKLIN COUNTY**

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

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

FINDING NUMBER 2002-40625-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D) states no order 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.

Fifty percent of the expenditures tested were not certified at the time of the obligation. Then and Now Certificates were not issued for the transactions that were not certified.

We recommend the Clerk ensure funds are certified as available prior to the obligation through the issuance of a purchase order containing appropriate certification, a blanket, or super blanket certificate. A blanket certificate can be issued for one line item appropriation, not to exceed three months or \$5,000. The blanket certificates must be canceled at the end of each fiscal year. A super blanket purchase order can be issued for any amount and any time period, not to exceed the fiscal year, and may be used for recurring and reasonably predictable operating expenses. More than one super blanket certificate can be outstanding for an appropriation line item.

The Clerk may also issue Then and Now Certificates for obligations made prior to certification. Then and Now Certificates allow the Clerk to certify that both at the time that the contract or order was made and at the time the certification is completed, 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. For obligations less than \$1,000, the certificates can be certified by the Clerk without subsequent approval from the Board. However, Then and Now Certificates in excess of \$1,000 must be approved by resolution or ordinance of the Board within 30 days after receiving such certificate.

This matter was also communicated in the 1999-2000 management letter.



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JEFFERSON TOWNSHIP

FRANKLIN 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 10, 2003**