



**Auditor of State  
Betty Montgomery**



JEFFERSON TOWNSHIP  
WILLIAMS COUNTY

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**Auditor of State  
Betty Montgomery**

Jefferson Township  
Williams County  
09991 County Road 16  
Bryan, Ohio 43506-9781

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

August 10, 2005

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Jefferson Township  
Williams County  
09991 County Road 16  
Bryan, Ohio 43506-9781

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Williams County (the Township), as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Jefferson Township, Williams County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2005, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

August 10, 2005



**JEFFERSON TOWNSHIP  
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|  | <u>Governmental Fund Types</u> |                            |                             |                            | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|--------------------------------|----------------------------|-----------------------------|----------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> | <u>Fiduciary<br/>Funds</u> |   |
| <b>Cash Receipts:</b>  |                                |                            |                             |                            |   |
| Local Taxes  | \$59,098                       | \$108,563                  |                             | \$31,909                   | \$199,570                               |
| Intergovernmental  | 29,637                         | 88,865                     | \$17,300                    |                            | 135,802                                 |
| Licenses, Permits, and Fees  |                                | 12,697                     |                             |                            | 12,697                                  |
| Earnings on Investments  | 1,680                          | 1,939                      |                             |                            | 3,619                                   |
| Other Revenue  | 45,021                         | 14,304                     |                             |                            | 59,325                                  |
|  | <hr/>                          | <hr/>                      | <hr/>                       | <hr/>                      | <hr/>                                   |
| Total Cash Receipts  | 135,436                        | 226,368                    | 17,300                      | 31,909                     | 411,013                                 |
|  | <hr/>                          | <hr/>                      | <hr/>                       | <hr/>                      | <hr/>                                   |
| <b>Cash Disbursements:</b>   |                                |                            |                             |                            |   |
| Current:   |                                |                            |                             |                            |   |
| General Government   | 92,050                         | 45,858                     |                             |                            | 137,908                                 |
| Public Safety  | 9,525                          |                            |                             |                            | 9,525                                   |
| Public Works   | 5,016                          | 137,339                    |                             |                            | 142,355                                 |
| Health   |                                | 11,602                     |                             |                            | 11,602                                  |
| Capital Outlay   | 1,213                          | 12,319                     | 17,300                      | 54                         | 30,886                                  |
|  | <hr/>                          | <hr/>                      | <hr/>                       | <hr/>                      | <hr/>                                   |
| Total Cash Disbursements   | 107,804                        | 207,118                    | 17,300                      | 54                         | 332,276                                 |
|  | <hr/>                          | <hr/>                      | <hr/>                       | <hr/>                      | <hr/>                                   |
| Total Cash Receipts Over Cash Disbursements  | 27,632                         | 19,250                     |                             | 31,855                     | 78,737                                  |
|  | <hr/>                          | <hr/>                      | <hr/>                       | <hr/>                      | <hr/>                                   |
| <b>Other Financing Disbursements:</b>  |                                |                            |                             |                            |   |
| Other Uses   |                                |                            |                             | (31,909)                   | (31,909)                                |
|  | <hr/>                          | <hr/>                      | <hr/>                       | <hr/>                      | <hr/>                                   |
| Excess of Cash Receipts Over/(Under) Cash<br>Disbursements and Other Financing Disbursements | 27,632                         | 19,250                     |                             | (54)                       | 46,828                                  |
|  | <hr/>                          | <hr/>                      | <hr/>                       | <hr/>                      | <hr/>                                   |
| Fund Cash Balances, January 1  | 207,813                        | 122,695                    | 13,222                      | 451                        | 344,181                                 |
|  | <hr/>                          | <hr/>                      | <hr/>                       | <hr/>                      | <hr/>                                   |
| <b>Fund Cash Balances, December 31</b>   | <b><u>\$235,445</u></b>        | <b><u>\$141,945</u></b>    | <b><u>\$13,222</u></b>      | <b><u>\$397</u></b>        | <b><u>\$391,009</u></b>                 |

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

**JEFFERSON TOWNSHIP  
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

|  | <u>Governmental Fund Types</u> |                            |                             |                            | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|--------------------------------|----------------------------|-----------------------------|----------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> | <u>Fiduciary<br/>Funds</u> |   |
| <b>Cash Receipts:</b>  |                                |                            |                             |                            |   |
| Local Taxes  | \$59,237                       | \$107,382                  |                             | \$34,031                   | \$200,650                               |
| Intergovernmental  | 167,233                        | 77,368                     |                             |                            | 244,601                                 |
| Licenses, Permits, and Fees  |                                | 17,719                     |                             |                            | 17,719                                  |
| Earnings on Investments  | 791                            | 1,237                      |                             |                            | 2,028                                   |
| Other Revenue  | 41,092                         | 22,976                     |                             |                            | 64,068                                  |
|  | <hr/>                          | <hr/>                      | <hr/>                       | <hr/>                      | <hr/>                                   |
| Total Cash Receipts  | 268,353                        | 226,682                    |                             | 34,031                     | 529,066                                 |
|  | <hr/>                          | <hr/>                      | <hr/>                       | <hr/>                      | <hr/>                                   |
| <b>Cash Disbursements:</b>   |                                |                            |                             |                            |   |
| Current:   |                                |                            |                             |                            |   |
| General Government   | 137,954                        | 43,069                     |                             |                            | 181,023                                 |
| Public Safety  | 9,334                          |                            |                             |                            | 9,334                                   |
| Public Works   | 2,540                          | 98,246                     |                             |                            | 100,786                                 |
| Health   |                                | 24,882                     |                             |                            | 24,882                                  |
| Capital Outlay   | 27,529                         | 1,788                      |                             |                            | 29,317                                  |
|  | <hr/>                          | <hr/>                      | <hr/>                       | <hr/>                      | <hr/>                                   |
| Total Cash Disbursements   | 177,357                        | 167,985                    |                             |                            | 345,342                                 |
|  | <hr/>                          | <hr/>                      | <hr/>                       | <hr/>                      | <hr/>                                   |
| Total Cash Receipts Over Cash Disbursements  | 90,996                         | 58,697                     |                             | 34,031                     | 183,724                                 |
|  | <hr/>                          | <hr/>                      | <hr/>                       | <hr/>                      | <hr/>                                   |
| <b>Other Financing Receipts and (Disbursements):</b>   |                                |                            |                             |                            |   |
| Transfers-In   |                                |                            | \$4,791                     |                            | 4,791                                   |
| Transfers-Out  | (4,791)                        |                            |                             |                            | (4,791)                                 |
| Other Uses   |                                |                            |                             | (34,031)                   | (34,031)                                |
|  | <hr/>                          | <hr/>                      | <hr/>                       | <hr/>                      | <hr/>                                   |
| Total Other Financing Receipts<br>and (Disbursements)  | (4,791)                        |                            | 4,791                       | (34,031)                   | (34,031)                                |
|  | <hr/>                          | <hr/>                      | <hr/>                       | <hr/>                      | <hr/>                                   |
| Excess of Cash Receipts and Other Financing<br>Receipts Over Cash Disbursements and<br>Other Financing Disbursements | 86,205                         | 58,697                     | 4,791                       |                            | 149,693                                 |
|  | <hr/>                          | <hr/>                      | <hr/>                       | <hr/>                      | <hr/>                                   |
| Fund Cash Balances, January 1  | 121,608                        | 63,998                     | 8,431                       | 451                        | 194,488                                 |
|  | <hr/>                          | <hr/>                      | <hr/>                       | <hr/>                      | <hr/>                                   |
| <b>Fund Cash Balances, December 31</b>   | <b><u>\$207,813</u></b>        | <b><u>\$122,695</u></b>    | <b><u>\$13,222</u></b>      | <b><u>\$451</u></b>        | <b><u>\$344,181</u></b>                 |

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

**JEFFERSON TOWNSHIP  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Jefferson Township, Williams County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the City of Bryan, the Village of Montpelier, Brady Township, and Madison Township to provide fire 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**C. Cash and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or disbursements investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The investment in STAR Ohio (the State Treasurer's investment pool) is recorded at share values 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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds 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:

**JEFFERSON TOWNSHIP  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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.

Fire Levy Fund -This fund receives property tax money to pay for fire runs within the Township. The fund also receives money for reimbursement of fire runs for nonresidents.

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Miscellaneous Capital Projects - CDBG Fund - The Township received a grant from the State of Ohio through Williams County to resolve storm drain issues in the West Jefferson area.

**4. Fiduciary Funds (Trust and Agency Funds)**

These funds account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Cemetery Bequest Fund – This fund utilizes the bequest monies to purchase land for the Township cemetery.

Agency Fund – This fund receives a portion of hotel/motel tax money that is remitted to the Jefferson Township and Holiday City Visitors and Convention Bureau.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) 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.

**JEFFERSON TOWNSHIP  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**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 2004 and 2003 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

|                                | <u>2004</u>      | <u>2003</u>      |
|--------------------------------|------------------|------------------|
| Demand deposits                | \$297,787        | \$250,878        |
| STAR Ohio                      | 93,222           | 93,303           |
| Total deposits and investments | <u>\$391,009</u> | <u>\$344,181</u> |

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

Investments: Investments in STAR Ohio and mutual 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, 2004 and 2003 follows:

**JEFFERSON TOWNSHIP  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

2004 Budgeted vs. Actual Receipts

| Fund Type        | Budgeted Receipts | Actual Receipts  | Variance       |
|------------------|-------------------|------------------|----------------|
| General          | \$128,519         | \$135,436        | \$6,917        |
| Special Revenue  | 223,340           | 226,368          | 3,028          |
| Capital Projects | 17,300            | 17,300           | 0              |
| Fiduciary        | 35,500            | 31,909           | (3,591)        |
| Total            | <u>\$404,659</u>  | <u>\$411,013</u> | <u>\$6,354</u> |

2004 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type        | Appropriation Authority | Budgetary Expenditures | Variance         |
|------------------|-------------------------|------------------------|------------------|
| General          | \$254,699               | \$107,804              | \$146,895        |
| Special Revenue  | 288,043                 | 207,118                | 80,925           |
| Capital Projects | 17,300                  | 17,300                 | 0                |
| Fiduciary        | 35,700                  | 31,963                 | 3,737            |
| Total            | <u>\$595,742</u>        | <u>\$364,185</u>       | <u>\$231,557</u> |

2003 Budgeted vs. Actual Receipts

| Fund Type        | Budgeted Receipts | Actual Receipts  | Variance          |
|------------------|-------------------|------------------|-------------------|
| General          | \$283,005         | \$268,353        | (\$14,652)        |
| Special Revenue  | 223,076           | 226,682          | 3,606             |
| Capital Projects | 17,550            | 4,791            | (12,759)          |
| Fiduciary        | 38,700            | 34,031           | (4,669)           |
| Total            | <u>\$562,331</u>  | <u>\$533,857</u> | <u>(\$28,474)</u> |

2003 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type        | Appropriation Authority | Budgetary Expenditures | Variance         |
|------------------|-------------------------|------------------------|------------------|
| General          | \$287,609               | \$182,148              | \$105,461        |
| Special Revenue  | 274,926                 | 167,985                | 106,941          |
| Capital Projects | 30,771                  |                        | 30,771           |
| Fiduciary        | 39,151                  | 34,031                 | 5,120            |
| Total            | <u>\$632,457</u>        | <u>\$384,164</u>       | <u>\$248,293</u> |

The following occurred contrary to Ohio law:

- The actual amounts available for appropriations were less than the amounts estimated in the official certificate and the current appropriations in the Cemetery Fund during 2004, and in the Miscellaneous Capital Projects – CDBG and Cemetery Bequest Funds during 2003.

**JEFFERSON TOWNSHIP  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

- The Miscellaneous Capital Projects Fund had appropriations which exceeded estimated resources in 2004.
- The Township did not record a grant received through the County's Community Development Block Grant formula grant program to a special fund.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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. RETIREMENT SYSTEMS**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

**6. 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 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 claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Townships can

**JEFFERSON TOWNSHIP  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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 Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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 township.

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>2004</u>         | <u>2003</u>         |
|--------------------------|---------------------|---------------------|
| Assets                   | \$30,687,203        | \$27,792,223        |
| Liabilities              | (13,640,962)        | (11,791,300)        |
| Retained Earnings        | <u>\$17,046,241</u> | <u>\$16,000,923</u> |
| <br>                     |                     |                     |
| <u>Property Coverage</u> | <u>2004</u>         | <u>2003</u>         |
| Assets                   | \$7,799,073         | \$6,791,060         |
| Liabilities              | (753,906)           | (750,956)           |
| Retained Earnings        | <u>\$7,045,167</u>  | <u>\$6,040,104</u>  |

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





**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Jefferson Township  
Williams County  
09991 County Road 16  
Bryan, Ohio 43506-9781

To the Board of Trustees:

We have audited the financial statements of Jefferson Township (the Township) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 10, 2005, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated August 10, 2005, we reported other matters involving internal control over financial reporting we did not deem to be reportable conditions.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2004-001 through 2004-004. In a separate letter to the Township's management dated August 10, 2005, we reported another matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

August 10, 2005

**JEFFERSON TOWNSHIP  
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2004-001**

**Finding for Recovery**

On January 5, 2004, the Board of Trustees approved an increase of \$450 to the salary of Keith Holtrey, Township road maintenance supervisor. This increase brought Mr. Holtrey's salary up to the amount of \$31,350 for 2004. He was paid \$31,910 by the Township during 2004 resulting in an overpayment of \$560.

In accordance with the foregoing facts and pursuant to O.R.C. §117.28, a finding for recovery for public money illegally expended is hereby issued against Keith Holtrey, Township road maintenance supervisor, C. Yvonne Beck, former Township clerk, Linda Beck, current Township clerk, Ohio Farmers Insurance Company, C. Yvonne Beck's bonding company, and Ohio Township Association Risk Management Authority, the bonding company for Keith Holtrey and Linda Beck, jointly and severally, in the amount of \$560 in favor of the Township's Gasoline Tax Fund.

**FINDING NUMBER 2004-002**

**Finding for Recovery**

On January 5, 2004, the Board of Trustees approved an increase of \$450 to the salary of Robert Stark, Township road maintenance employee. This increase brought Mr. Stark's salary up to the amount of \$26,185 for 2004. He was paid \$26,742.50 by the Township during 2004 resulting in an overpayment of \$557.50.

In accordance with the foregoing facts and pursuant to O.R.C. §117.28, a finding for recovery for public money illegally expended is hereby issued against Robert Stark, Township employee, C. Yvonne Beck, former Township clerk, Linda Beck, current Township clerk, Ohio Farmers Insurance Company, C. Yvonne Beck's bonding company, and Ohio Township Association Risk Management Authority, the bonding company for Robert Stark and Linda Beck, jointly and severally, in the amount of \$557.50 in favor of the Township's Gasoline Tax Fund.

**FINDING NUMBER 2004-003**

**Noncompliance Citation**

Ohio Revised Code § 5705.36 (A) (2) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater or less than the amount included in an official certificate, the fiscal officer may certify the amount of the deficiency or excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the deficiency or excess.

**FINDING NUMBER 2004-003  
 (Continued)**

Ohio Revised Code § 5705.36 (A) (4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

Additionally, Ohio Revised Code § 5705.39 states in part that the total appropriations from each fund shall not exceed the total of the estimated resources available for expenditures therefrom as certified by the budget commission or in case of appeal, by the board of tax appeals.

The actual amounts available for appropriations were less than the amounts estimated in the official certificate and the current level of appropriations in the following funds:

|  | <u>Actual<br/>Resources</u> | <u>Estimated<br/>Resources</u> | <u>Total<br/>Appropriations</u> |
|--|-----------------------------|--------------------------------|---------------------------------|
| <u>2004</u>                                |                             |                                |                                 |
| Cemetery Fund                              | \$39,854                    | \$47,906                       | \$40,350                        |
| <u>2003</u>                                |                             |                                |                                 |
| Miscellaneous Capital Projects - CDBG Fund | \$0                         | \$17,300                       | \$17,300                        |
| Cemetery Bequest Fund                      | 451                         | 651                            | 651                             |

The Clerk should have requested an amended certificate of estimated resources from the commission which would have reduced the estimated resources to the level of the actual resources available for appropriations. Appropriations in these funds should have also been reduced to the level of the actual resources available for appropriations.

In this situation, there two possible adjustments which could have been made the by Clerk to comply this code section:

- The Clerk could have requested an amended certificate from the commission which would have increased the estimated resources up to the total amount available for appropriation, or
- The Clerk could have requested the Board of Trustees approve a supplement appropriation reducing these amounts to the greater of the total amount of estimated resources or actual disbursements and encumbrances outstanding.

We recommend that Clerk compare actual revenues with estimated revenues during the year and make changes when necessary.

**FINDING NUMBER 2004-004**

**Noncompliance Citation**

Ohio Revised Code § 5705.10 states in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

**FINDING NUMBER 2004-004**  
**(Continued)**

In 2003, the Township was awarded \$17,300 from the County's Community Development Block Grant formula grant program to be used toward the storm sewer project in West Jefferson. The County Auditor's office disbursed the grant amount to the contractor in 2004. The Township did not record these monies into a special fund as required by this code section. An adjustment was recorded to the Township's financial statements to properly account for these monies into the Township's Miscellaneous Capital Projects – CDBG fund.

We recommend that the Clerk contact the County Auditor's office annually to obtain the amount expended on behalf of the Township. The amounts expended should then be recorded as grant receipts and expenditures on the Township's financial statements. The Clerk should also review Auditor of State Bulletin 2000-008 for guidance in accounting and budgeting for these types of transactions.

JEFFERSON TOWNSHIP  
WILLIAMS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003

| Finding Number | Finding Summary   | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b> |
|----------------|-------------------|------------------|--|
| 2002-40186-001 | Cemetery revenues | No               | Partially corrected. Reissued as a management letter comment.  |



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**JEFFERSON TOWNSHIP**

**WILLIAMS 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 1, 2005**