

**JEFFERSON TOWNSHIP
CRAWFORD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 - 2007



Mary Taylor, CPA

Auditor of State

Board of Trustees
Jefferson Township
5853 Crestline Road
Crestline, Ohio 44827

We have reviewed the *Independent Accountants' Report* of Jefferson Township, Crawford County, prepared by Knox & Knox, for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Jefferson Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 15, 2009

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JEFFERSON TOWNSHIP
CRAWFORD COUNTY

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KNOX & KNOX

Accountants and Consultants

Independent Accountants' Report

Jefferson Township
Crawford County
5853 Crestline Road
Crestline Ohio, 44827

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 2008 and 2007. 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, if any, 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 described more fully in Note 1, the Township has prepared its 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 accounting principles generally accepted in the United States of America, 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 years ended December 31, 2008 and 2007. In addition to the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements. While the Township does not follow GAAP, generally accepted auditing standards require 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 follow GAAP statement formatting requirements. 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 years ended December 31, 2008 and 2007 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, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Jefferson Township, Crawford County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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 November 24, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Knox & Knox

Orrville, Ohio
November 24, 2009

JEFFERSON TOWNSHIP
CRAWFORD COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Permanent	
CASH RECEIPTS:					
Local Taxes	\$17,144	\$104,347			\$121,491
Intergovernmental Receipts	24,862	119,820			144,682
Licenses, Permits, and Fees	305				305
Earnings on Investments	5,503	1,230		\$63	6,796
Miscellaneous	271	1,000			1,271
Charges for Services		12,000			12,000
	<u>48,085</u>	<u>238,397</u>	<u> </u>	<u>63</u>	<u>286,545</u>
Total Cash Receipts					
CASH DISBURSEMENTS:					
Current:					
General Government	45,514				45,514
Public Safety		44,881			44,881
Public Works		137,413			137,413
Health	13,084				13,084
Debt Service:					
Principal Payment			39,783		39,783
Interest Payments			4,441		4,441
Capital Outlay		69,108			69,108
	<u>58,598</u>	<u>251,402</u>	<u>44,224</u>	<u> </u>	<u>354,224</u>
Total Cash Disbursements					
Total Cash Receipts Over/(Under) Cash Disbursements	(10,513)	(13,005)	(44,224)	63	(67,679)
OTHER FINANCING RECEIPTS (DISBURSEMENTS)					
Transfers-In			44,224		44,224
Transfers-Out		(44,224)			(44,224)
Other Sources	9,333	2,880			12,213
	<u>9,333</u>	<u>(41,344)</u>	<u>44,224</u>	<u> </u>	<u>12,213</u>
Total Other Financing Receipts(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Disbursements and Other Financing Disbursements	(1,180)	(54,349)		63	(55,466)
Fund Cash Balances, January 1	<u>67,179</u>	<u>209,135</u>	<u> </u>	<u>2,303</u>	<u>278,617</u>
FUND CASH BALANCES, DECEMBER 31	<u>\$65,999</u>	<u>\$154,786</u>	<u> </u>	<u>\$2,366</u>	<u>\$223,151</u>

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

JEFFERSON TOWNSHIP
CRAWFORD COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
CASH RECEIPTS:						
Local Taxes	\$19,753	\$106,584				\$126,337
Intergovernmental Receipts	74,032	114,496		\$19,794		208,322
Licenses, Permits, and Fees	339					339
Earnings on Investments	10,857	3,495			\$143	14,495
Miscellaneous	683					683
Charges for Services		12,000				12,000
Total Cash Receipts	105,664	236,575		19,794	143	362,176
CASH DISBURSEMENTS:						
Current:						
General Government	46,118					46,118
Public Safety		43,652				43,652
Public Works		152,115				152,115
Health	11,782					11,782
Debt Service:						
Principal Payment			37,981			37,981
Interest Payments			6,243			6,243
Capital Outlay		40,891		19,794		60,685
Total Cash Disbursements	57,900	236,658	44,224	19,794		358,576
Total Cash Receipts Over/(Under) Cash Disbursements	47,764	(83)	(44,224)		143	3,600
OTHER FINANCING RECEIPTS (DISBURSEMENTS)						
Transfers-In			44,224			44,224
Transfers-Out		(44,224)				(44,224)
Total Other Financing Receipts(Disbursements)		(44,224)	44,224			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Disbursements and Other Financing Disbursements	47,764	(44,307)			143	3,600
Fund Cash Balances, January 1	19,415	253,442			2,160	275,017
FUND CASH BALANCES, DECEMBER 31	\$67,179	\$209,135			\$2,303	\$278,617

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

JEFFERSON TOWNSHIP
CRAWFORD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **DESCRIPTION OF THE ENTITY**

Jefferson Township, Crawford County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, and fire protection. The Township is a member of the Central Joint Ambulance District, which contracts with Medcorp, Inc. to provide ambulance 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**

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts or disbursements, respectively.

D. **FUND ACCOUNTING**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. **General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. **Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Funds:

JEFFERSON TOWNSHIP
CRAWFORD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

D. **FUND ACCOUNTING** (continued)

2. **Special Revenue Funds** (continued)

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

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

Special Levy Fund - This fund receives property tax money to pay for fire protection and emergency and medical services.

3. **Debt Service Fund**

The Township uses this fund to account for resources to retire debt.

4. **Capital Projects Fund**

The Capital Projects Fund is used to account for proceeds used for capital improvements.

5. **Permanent Fund**

The Township accounts for trust funds as permanent funds. If the corpus is to be reserved then the fund is classified as permanent.

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 department, division or office level of control, and within each the amount appropriated for personal services. 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
CRAWFORD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. **PROPERTY, PLANT AND EQUIPMENT**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

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

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

	2008	2007
Demand deposits	\$13,522	\$6,875
STAR Ohio	209,629	271,742
Total deposits and investments	223,151	278,617

Deposits are insured by the Federal Depository Insurance Corporation.

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

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2008 and 2007, follows:

Fund Type	2008 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$42,832	\$57,418	\$14,586
Special Revenue	226,615	241,277	14,662
Permanent	44,224	63	(44,161)
Debt Service	120	44,224	44,104
Total	\$313,791	\$342,982	\$29,191

JEFFERSON TOWNSHIP
CRAWFORD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

3. BUDGETARY ACTIVITY (continued)

<u>2008 Budgeted vs Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$110,011	\$58,598	\$51,413
Special Revenue	435,745	295,626	140,119
Permanent	323		323
Debt Service	44,224	44,224	
Total	<u>\$590,303</u>	<u>\$398,448</u>	<u>\$191,855</u>

<u>2007 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$42,385	\$105,664	\$63,279
Special Revenue	227,059	236,575	9,516
Debt Service	44,224	44,224	
Capital Projects	22,343	19,794	(2,549)
Permanent	120	143	23
Total	<u>\$336,131</u>	<u>\$406,400</u>	<u>\$70,269</u>

<u>2007 Budgeted vs Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$61,798	\$57,900	\$3,898
Special Revenue	480,499	280,882	199,617
Debt Service	44,224	44,224	
Capital Projects	22,343	19,794	2,549
Permanent	180		180
Total	<u>\$609,044</u>	<u>\$402,800</u>	<u>\$206,244</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments for 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 owner, 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
CRAWFORD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

5. **RETIREMENT SYSTEM**

The Township's employees belong to the Public Employees Retirement System (OPERS). OPERS 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 2008 and 2007, members contributed 10% and 9.5% of their gross salaries, respectively. The Township contributed an amount equal to 14% (2008) and 13.75% (2007) of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

6. **RISK MANAGEMENT**

The Township belongs to the Ohio Government Risk Management Plan (the Plan) a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 governments (Members).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements, and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except the plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,00 of property losses. Individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's Audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained earnings at December 31, 2007 and 2006 (the latest information available):

	2007	2006
Assets	\$11,136,455	\$9,620,148
Liabilities	(4,273,553)	(3,329,620)
Member's Equity	\$6,862,902	\$6,290,528

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org

JEFFERSON TOWNSHIP
CRAWFORD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

7 **DEBT**

In 2005, the Township issued a bond anticipation note in the amount of \$195,000 with annual payments of \$44,273 to be fully redeemed in 2010. The interest rate is 4.75 percent per annum.

The purpose of the note was to provide financing for the construction to the existing Township garage and fire facility.

Amortization of the above debt follows:

<u>Year ending</u> <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$41,711	\$2,563	\$44,274
2010	21,589	534	22,123
	<u>\$63,300</u>	<u>\$3,097</u>	<u>\$66,397</u>

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KNOX & KNOX

Accountants and Consultants

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

Jefferson Township
Crawford County
5853 Crestline Road
Crestline, OH 44827

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Crawford County, Ohio (the Board) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated November 24, 2009, 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 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Township's internal control over financial reporting as basis for designing our audit procedures in order to express our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we noted other matters that we reported to the Township's management in a separate letter dated November 24, 2009.

COMPLIANCE AND OTHER MATTERS

As part of reasonably assuring whether the Township's basic 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, and Board of Trustees. We intend it for no one other than these specified parties.

KNOX & KNOX

Orrville, Ohio
November 24, 2009



Mary Taylor, CPA
Auditor of State

JEFFERSON TOWNSHIP

CRAWFORD 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
DECEMBER 31, 2009**