

JEFFERSON TOWNSHIP

ADAMS COUNTY

REGULAR AUDIT

JANUARY 1, 2006 THROUGH DECEMBER 31, 2007

YEARS AUDITED UNDER GAGAS: 2007 AND 2006

CAUDILL & ASSOCIATES CPA's

725 5th Street
Portsmouth, Ohio 45662



Mary Taylor, CPA

Auditor of State

Board of Trustees
Jefferson Township
9136 Blue Creek Road
Blue Creek, Ohio 45616

We have reviewed the *Independent Auditor's Report* of Jefferson Township, Adams County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2006 through December 31, 2007. 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 Auditor's 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 Auditor's 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

April 1, 2009

This Page is Intentionally Left Blank.

**JEFFERSON TOWNSHIP
ADAMS COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2007	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2006	4
Notes to the Financial Statements	5
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	10
Schedule of Findings and Responses.....	12

Caudill & Associates, CPA's

725 5th Street
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

Independent Auditor's Report

Board of Trustees
Jefferson Township
Adams County
9136 Blue Creek Road
Blue Creek, Ohio 45616

We have audited the accompanying financial statements of Jefferson Township (the Township), Adams County, as of and for the years ended December 31, 2007 and 2006. 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 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 years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also presenting its larger (i.e. major) funds separately for 2007 and 2006. 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 years ended December 31, 2007 and 2006, 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, 2007 and 2006, 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 combined fund cash balances as of the December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Jefferson Township
Independent Auditor's Report

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. 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 December 31, 2008, 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. 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 *Government Auditing Standards* and should be considered in assessing the results of our audit.

Caudill & Associates, CPA's

Caudill & Associates, CPA's

December 31, 2008

**JEFFERSON TOWNSHIP
ADAMS COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<u>Cash Receipts:</u>				
Property and Other Taxes	\$ 13,308	\$ 20,516	\$ 14,693	\$ 48,517
Intergovernmental Receipts	22,894	105,083	1,812	129,789
Earnings on Investment	651	885	-	1,536
Miscellaneous	1,641	2,710	89	4,440
Total Cash Receipts	<u>38,494</u>	<u>129,194</u>	<u>16,594</u>	<u>184,282</u>
<u>Disbursements:</u>				
Current:				
General Government	30,608	1,404	-	32,012
Public Safety	400	23,786	-	24,186
Public Works	-	101,055	-	101,055
Health	2,873	678	-	3,551
Capital Outlay	-	2,800	23,350	26,150
Total Cash Disbursements	<u>33,881</u>	<u>129,723</u>	<u>23,350</u>	<u>186,954</u>
Total Receipts Over (Under) Disbursements	4,613	(529)	(6,756)	(2,672)
Other Financing Sources (Uses)				
Sale of Notes	-	7,500	-	7,500
Total Other Financing Receipts (Disbursements)	<u>-</u>	<u>7,500</u>	<u>-</u>	<u>7,500</u>
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Disbursements	4,613	6,971	(6,756)	4,828
Fund Cash Balance, January 1	<u>6,545</u>	<u>87,809</u>	<u>35,984</u>	<u>130,338</u>
Fund Cash Balance, December 31	<u>\$ 11,158</u>	<u>\$ 94,780</u>	<u>\$ 29,228</u>	<u>\$ 135,166</u>

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

**JEFFERSON TOWNSHIP
ADAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL FUND TYPES
FOR THE YEARS ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<u>Cash Receipts:</u>				
Property and Other Taxes	\$ 12,905	\$ 19,704	\$ 14,058	\$ 46,667
Intergovernmental Receipts	17,272	107,444	1,688	126,404
Earnings on Investment	612	614	-	1,226
Miscellaneous	1,260	1,297	111	2,668
Total Cash Receipts	<u>32,049</u>	<u>129,059</u>	<u>15,857</u>	<u>176,965</u>
<u>Disbursements:</u>				
Current:				
General Government	27,204	6,391	-	33,595
Public Safety	400	15,950	-	16,350
Public Works	-	68,339	-	68,339
Health	2,951	924	-	3,875
Capital Outlay	-	-	4,480	4,480
Total Cash Disbursements	<u>30,555</u>	<u>91,604</u>	<u>4,480</u>	<u>126,639</u>
Total Receipts Over (Under) Disbursements	1,494	37,455	11,377	50,326
Fund Cash Balance, January 1	<u>5,051</u>	<u>50,354</u>	<u>24,607</u>	<u>80,012</u>
Fund Cash Balance, December 31	<u>\$ 6,545</u>	<u>\$ 87,809</u>	<u>\$ 35,984</u>	<u>\$ 130,338</u>

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

**JEFFERSON TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

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 Jefferson Township, Adams County, Ohio (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.

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 accounting basis. 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 Deposits

The Township invests all available funds in an interest-bearing checking and savings accounts and certificate of deposit with a local commercial bank.

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:

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

Motor Vehicle License Tax - This fund receives license tax money to pay for constructing, maintaining, and repairing Township roads.

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

**JEFFERSON TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fire Fund – This fund receives property tax money for providing fire protection to the Township.

FEMA Fund – This fund received Federal Emergency Management Agency (FEMA) grant funds proceeds used for disaster repairs.

3 Capital Project Funds

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital project fund:

Fire Equipment Fund – This fund is used to account for the acquisition of fire equipment.

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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. There were no material outstanding encumbrances at December 31, 2007 and 2006.

A summary of 2007 and 2006 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.

**JEFFERSON TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	2007	2006
Demand Deposits	\$ 135,166	\$ 130,388
TOTAL	\$ 135,166	\$ 130,388

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end 2007, \$35,167 of the Township's deposits were exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budget vs. Actual Receipts			
	Budgeted	Actual Receipts	Variance
Fund Type	Receipts		
General	\$ 34,181	\$ 38,494	\$ 4,313
Special Revenue	130,140	136,694	6,554
Capital Projects	15,700	16,594	894
	180,021	191,782	11,761

2007 Budget vs. Actual Disbursements			
	Budgeted	Actual	Variance
Fund Type	Expenditure	Expenditure	
General	\$ 40,612	\$ 33,881	\$ 6,731
Special Revenue	215,702	129,723	85,979
Capital Projects	51,685	23,350	28,335
	307,999	186,954	121,045

**JEFFERSON TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY (continued)

2006 Budget vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 33,756	\$ 32,049	\$ (1,707)
Special Revenue	112,687	129,059	16,372
Capital Projects	16,495	15,857	(638)
	162,938	176,965	14,027

2006 Budget vs. Actual Expendures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$ 38,738	\$ 30,555	\$ 8,183
Special Revenue	160,824	91,604	69,220
Capital Projects	41,103	4,480	36,623
	240,665	126,639	114,026

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. DEBT

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

The Township issued General obligation securities in order to pay off remaining premium on former Property Insurance Policy.

**JEFFERSON TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

5. DEBT (continued)

Loan - National Bank of Adams County				
principal 1/1/2007	Additions	Principal Payments	Principal 12/31/2007	Amount Due Within 1 year
-	\$ 7,500	-	\$ 7,500	\$ 2,356

The Townships Long Term Debt Service obligation is as follows

Year	Amount Due	Principal	Interest
2008	\$ 2,806	\$ 2,356	\$ 450
2009	2,806	2,497	309
2010	2,806	2,647	159
	<u>\$ 8,418</u>	<u>\$ 7,500</u>	<u>\$ 918</u>

RETIREMENT SYSTEMS

The Township's elected officials and part time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. 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 2007 and 2006, OPERS members contributed 9% and 9.5% of their gross salaries respectively. The Township contributed an amount equaling 13.7% and 13.85% of participants' gross salaries respectively. As of December 31, 2007 the Township has paid all contributions required.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Public Official's Liability; and
- Vehicles

7. COMPLIANCE

- 1) Contrary to Ohio Rev. Code Section 5705.36 estimated resources were greater than actual resources in the General, Motor Vehicle License Tax, Road and Bridge, Wamsley Cemetery, Fire Districts, and Fire Equipment Funds. There was no amended certificate of estimated resources obtained from the county auditor to reduce the estimated figures.
- 2) Contrary to Ohio Rev. Code Section 5705.41(D) the Township did not properly certify the availability of funds prior to obligation for 12.5% or \$6,917 of purchases tested in 2006 and 34.7% or \$36,165 of the purchases tested in 2007.

Caudill & Associates, CPA's

725 5th Street
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Jefferson Township
Adams County
9136 Blue Creek Road
Blue Creek, Ohio 45616

We have audited the accompanying financial statements of Jefferson Township (the Township), Adams County, as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated December 31, 2008 wherein we noted The Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. As discussed below, we did not identified deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We noted no matters concerning internal control over financial reporting that we considered a significant deficiency.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Jefferson Township
Adams County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Internal Control Over Financial Reporting (Continued)

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 deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We found no matters concerning internal control over financial reporting that we consider a material weakness.

Compliance and Other Matters

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 grant agreements, 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 two instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Responses as items 2007-001 and 2007-002.

We noted a certain noncompliance matter that we reported to the Township's management in a separate letter dated December 31, 2008.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Township's responses and, accordingly, we express no opinion on them.

This report is intended for the information and use of management, Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Caudill & Associates, CPA's

Caudill & Associates, CPA's

December 31, 2008

**JEFFERSON TOWNSHIP
ADAMS COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Noncompliance Citation – Ohio Rev. Code Section 5705.36

The Ohio Revised Code Section 5705.36 (A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. ORC 5705.36 requires the Township to obtain an increased amended certificate of estimated

resources from the budget commission if the legislative authority intends to appropriate and expend excess revenue. The Ohio Revised Code Section 5705.36 (A) (4) requires the Township to obtain a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

In 2006, estimated resources were greater than actual resources in the General, Motor Vehicle License Tax, Road and Bridge, Wamsley Cemetery, Fire Districts, and Fire Equipment Funds. There was no amended certificate of estimated resources obtained from the county auditor to reduce the estimated figures. This also occurred in 2007 concerning the Motor Vehicle License Tax Fund.

This could allow deficit spending to occur.

We recommend the Fiscal Officer obtain a reduced certificate of estimated resources when it is determined that estimated receipts will be less than the actual receipts causing resources to fall below the level of appropriations. Approval of the modifications should be enacted and documented in the Township Minutes.

Township Response:

The Township Fiscal Officer will file Amended Certificates of Estimated Resources as it becomes necessary per Ohio Rev. Code requirements.

**JEFFERSON TOWNSHIP
ADAMS COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-002

Noncompliance Citation – Ohio Rev. Code Section 5705.41 (D) (1)

Ohio Rev. Code Section 5705.41 (D) (1) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by Ohio Rev. Code Section 5705.41 (D) (1):

Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due.

The taxing authority has 30 days from the receipt of the “then and now” certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Township did not properly certify the availability of funds prior to obligation for 12.5% or \$6,917 of purchases tested in 2006 and 34.7% or 36,165 of the purchases tested in 2007.

We recommend the Township implement policies to ensure that all purchases first have monies certified by the Clerk Treasurer before purchasing or ordering an item. We also recommend the use of a “then and now certificate in instances of emergency or absence of proper authority.

Township Response:

The Township will monitor spending more closely to ensure proper certification of the availability of funds.



Mary Taylor, CPA
Auditor of State

JEFFERSON TOWNSHIP

ADAMS 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
APRIL 14, 2009**