

JEFFERSON TOWNSHIP  
ROSS COUNTY, OHIO

Audited Financial Statements

For the Year Ended December 31, 2004





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Jefferson Township  
P.O. Box 63  
Richmond Dale, Ohio 45673

We have reviewed the *Independent Auditor's Report* of Jefferson Township, Ross County, prepared by Van Krevel & Company, for the audit period January 1, 2004 through December 31, 2004. 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

June 27, 2007

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Jefferson Township  
Ross County, Ohio

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Independent Auditor's Report

Jefferson Township
Ross County
P O Box 63
Richmond Dale, Ohio 45673

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Ross County, Ohio (the Township) as of and for the year ended December 31, 2004. 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 audits.

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 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. 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 State 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 year ended December 31, 2004. Instead of the combined funds, the accompanying the financial statements present for 2004, the revisions require presenting entity wide statements and also presenting its larger (i.e., major) funds separately for 2004. 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 townships to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to the non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matters discussed in the two preceding 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's combined funds as of December 31, 2004, or their changes in financial position for the year then ended.

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

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 March 21, 2007, 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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine 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*. You should read it in conjunction with this report in assessing the results of our audit.



Van Krevel & Company  
Dublin, Ohio

March 21, 2007

Jefferson Township  
 Ross County, Ohio  
 Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances  
 All Governmental and Non Expendable Trust Fund Types  
 For the Year Ended December 31, 2004

	Governmental Funds		
	General	Special Revenue	Debt Service
Cash Receipts:			
Property and Other Local Taxes	\$ 16,743	\$ 37,377	\$16,491
Charges for Services	3,400		
Licenses, Permits and Fees		6,350	
Intergovernmental	81,568	227,541	
Earnings on Investments	3,092	2,194	
Miscellaneous	48	2,900	
Total Cash Receipts	104,851	276,362	16,491
Cash Disbursements:			
Current:			
General Government	54,739	16,215	
Public Safety	12,226	15,346	
Public Works	4,433	77,771	
Health	12,342	22,280	
Capital Outlay		162,975	
Debt Service:			
Redemption of Principal			15,000
Interest and Other Fiscal Charges			1,491
Total Cash Disbursements	83,740	294,587	16,491
Total Receipts Over (Under) Disbursements	21,111	(18,225)	-
Other Financing Receipts (Disbursements):			
Sale of Fixed Assets		1,651	
Other Financing Sources	407	698	
Total Other Financial Receipts (Disbursements)	407	2,349	-
Excess of Receipts Over (Under) Disbursements	21,518	(15,876)	-
Fund Cash Balances, January 1	49,843	259,014	-
Fund Cash Balances-December 31	\$ 71,361	\$243,138	\$ -
Reserve for Encumbrances, December 31	\$ -	\$ -	\$ -

<u>Governmental Funds</u> <u>Capital</u> <u>Projects</u>	Non Expendable <u>Trust</u>	Total Memorandum <u>Only</u>
\$	\$	\$ 70,611
		3,400
		6,350
18,112		327,221
		5,286
		<u>2,948</u>
<u>18,112</u>	<u>          </u>	<u>415,816</u>
		70,954
		27,572
		82,204
		34,622
18,112		181,087
		15,000
<u>          </u>	<u>          </u>	<u>1,491</u>
18,112		412,930
-	-	2,886
		1,651
<u>          </u>	<u>          </u>	<u>1,105</u>
-	-	2,756
-	-	5,642
<u>          </u>	<u>\$ 1,577</u>	<u>310,434</u>
<u>\$ -</u>	<u>\$ 1,577</u>	<u>\$316,076</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Jefferson Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2004

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A Description of the Entity**

Jefferson Township, Ross 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 general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**B Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of the State of Ohio, which is similar to the cash receipts and cash disbursements basis of accounting. Receipts are recognized when received 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 the State of Ohio.

**C Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**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.

Jefferson Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2004

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

**D Fund Accounting** (continued)

2 Special Revenue Funds

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

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

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

*Fire Special Levy Fund* - This fund receives property taxes levied by the Township for fire and EMS protection for the Township.

3 Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund.

*Issue II Fund* - This fund records monies received and expended by the County on the Township's behalf to repair or replace Township roads.

4 Fiduciary Funds (Trust Fund)

These funds are used to 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 fund:

*Cemetery Bequest Fund* - This fund receives monies to be held in a nonexpendable trust by the Township with earnings designated for the upkeep and/or improvements to the cemeteries within the Township.

**E Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

1 Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

Jefferson Township  
Ross County, Ohio

Notes to Financial Statements  
December 31, 2004

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

**E Budgetary Process** (continued)

2 Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 re-appropriated.

A summary of the 2004 budgetary activity appears in Note 3.

**F Property, Plant and Equipment**

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

**G Accumulated Leave**

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

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

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

	<u>2004</u>
Demand Deposits	\$149,876
Certificates of Deposit	<u>166,200</u>
Total Deposits	<u>\$316,076</u>

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

Jefferson Township  
Ross County, Ohio

Notes to Financial Statements  
December 31, 2004

**NOTE 3 BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2004, follows:

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$109,274	\$105,258	\$(4,016)
Special Revenue	260,967	278,711	17,744
Debt Service	16,491	16,491	-
Capital Projects	18,000	18,112	112
Nonexpendable Trust	<u>44</u>	<u>-</u>	<u>(44)</u>
Totals	<u>\$404,776</u>	<u>\$418,572</u>	<u>\$13,796</u>

2004 Budgeted vs. Actual Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$157,000	\$ 83,740	\$ 73,260
Special Revenue	514,000	294,587	219,413
Debt Service	16,491	16,491	-
Capital Projects	18,112	18,112	-
Nonexpendable Trust	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$705,603</u>	<u>\$412,930</u>	<u>\$292,673</u>

**NOTE 4 PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semi-annual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property with the County by April 30 each year.

The County is responsible for assessing property and for billing, collecting and distributing all property taxes on behalf of the Township.

Jefferson Township  
Ross County, Ohio

Notes to Financial Statements  
December 31, 2004

**NOTE 5 DEBT**

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note-Fire Truck	<u>\$30,000</u>	3.26%

Jefferson Township has an outstanding note used for the purchase of a fire truck which will end in the year 2006. The general obligation note is collateralized solely by the Township's taxing authority.

The following is a summary of the Township's future annual debt service requirements:

<u>Year Ending December 31,</u>	<u>Principal Due</u>	<u>Interest Due</u>
2005	\$15,000	\$ 992
2006	<u>15,000</u>	<u>495</u>
	<u>\$30,000</u>	<u>\$1,487</u>

**NOTE 6 RETIREMENT SYSTEM**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost sharing, multiple employer plan. This plan provides retirement benefits, including post-retirement health care 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 2004, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2004. The Township has paid all contributions required through December 31, 2004.

**NOTE 7 RISK MANAGEMENT**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity for the public purpose of enabling its members to obtain self-insurance through a jointly administered self-insurance fund. 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 risk management needs. The Plan pays judgments, settlements, and other expenses resulting from covered claims that exceed the Member's deductible.

Jefferson Township  
Ross County, Ohio

Notes to Financial Statements  
December 31, 2004

**NOTE 7 RISK MANAGEMENT** (continued)

The Plan issues its own policies and reinsures with A– VII or better rated carriers, except for the portion the Plan retains. With policies effective September 1, 2002 and after, the Plan began retaining 5% of the premium and losses on the first \$500,000 casualty treaty and 5% of the first \$1,000,000 property treaty. With policies effective November 1, 2005 and after, the Plan began retaining 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool’s financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2004:

Assets	\$6,685,522
Liabilities	<u>(2,227,808)</u>
Members’ Equity	<u>\$4,457,714</u>

Complete audited financial statements for The Ohio Government Risk Management Plan can be read at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).



INDEPENDENT ACCOUNTANT’S 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

Jefferson Township
Ross County
P O Box 63
Richmond Dale, Ohio 45673

To the Board of Trustees:

We have audited the financial statements of Jefferson Township, Ross County, Ohio (the Township) as of and for the year ended December 31, 2004, and have issued our report thereon dated March 21, 2007, wherein we noted that 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal 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 that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of Jefferson Township in a separate letter dated March 21, 2007.

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Jefferson Township  
Ross County, Ohio  
Independent Accountant's Report on Internal Control Over Financial  
Reporting and on Compliance with Other Matters Based on an Audit of  
Financial Statements Performed in accordance with *Government Auditing Standards*

#### 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, contract and grant agreements, non-compliance 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted an instance of noncompliance that we have reported to management of the Township in a separate letter dated March 21, 2007.

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



Van Krevel & Company  
Dublin, Ohio

March 21, 2007





**Mary Taylor, CPA**  
Auditor of State

**JEFFERSON TOWNSHIP**

**ROSS 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  
JULY 10, 2007**