



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Jefferson Township
Fayette County
42 Railroad Street, NW.
Jeffersonville, Ohio 43128

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Fayette County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 18, 2000

**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, 1999**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Fund</u>	
Cash Receipts:					
Local Taxes	\$23,953	\$153,089	\$51,769	\$0	\$228,811
Intergovernmental	52,834	93,522	0	0	146,356
Charges for Services	0	1,680	0	0	1,680
Licenses, Permits, and Fees	0	8,566	0	0	8,566
Earnings on Investments	6,434	646	0	0	7,080
Other Revenue	577	34,543	0	0	35,120
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Total Cash Receipts	83,798	292,046	51,769	0	427,613
Cash Disbursements:					
Current:					
General Government	45,967	0	0	0	45,967
Public Safety	353	41,522	0	0	41,875
Public Works	647	114,056	0	0	114,703
Health	13,164	13,720	0	0	26,884
Conservation - Recreation	500	0	0	0	500
Debt Service:					
Redemption of Principal	0	0	46,400	0	46,400
Interest and Fiscal Charges	0	0	5,369	0	5,369
Capital Outlay	4,000	498,102	0	0	502,102
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Total Cash Disbursements	64,631	667,400	51,769	0	783,800
Total Receipts Over/(Under) Disbursements	19,167	(375,354)	0	0	(356,187)
Other Financing Receipts/(Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Notes	0	355,163	0	0	355,163
Sale of Fixed Assets	0	5,000	0	0	5,000
Other Sources	0	3,175	0	55	3,230
Other Uses	0	0	0	(300)	(300)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	0	363,338	0	(245)	363,093
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	19,167	(12,016)	0	(245)	6,906
Fund Cash Balances, January 1	52,324	193,949	0	1,827	248,100
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Fund Cash Balances, December 31	\$71,491	\$181,933	\$0	\$1,582	\$255,006
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Reserve for Encumbrances, December 31	\$0	\$8,275	\$0	\$0	\$8,275

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

**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, 1998**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Fund</u>	
Cash Receipts:						
Local Taxes	\$24,098	\$145,826	\$54,170	\$0	\$0	\$224,094
Intergovernmental	44,280	82,435	0	25,734	0	152,449
Charges for Services	0	1,680	0	0	0	1,680
Licenses, Permits, and Fees	0	11,197	0	0	0	11,197
Earnings on Investments	3,720	509	0	0	0	4,229
Other Revenue	2,543	3,730	0	0	0	6,273
Total Cash Receipts	74,641	245,377	54,170	25,734	0	399,922
Cash Disbursements:						
Current:						
General Government	44,220	0	0	0	0	44,220
Public Safety	353	38,447	0	0	0	38,800
Public Works	610	118,241	0	25,734	0	144,585
Health	11,811	8,761	0	0	0	20,572
Debt Service:						
Redemption of Principal	0	0	46,400	0	0	46,400
Interest and Fiscal Charges	0	0	7,770	0	0	7,770
Capital Outlay	0	15,821	0	0	0	15,821
Total Cash Disbursements	56,994	181,270	54,170	25,734	0	318,168
Total Receipts Over/(Under) Disbursements	17,647	64,107	0	0	0	81,754
Other Financing Receipts/(Disbursements):						
Sale of Fixed Assets	0	0	0	0	0	0
Other Sources	0	3,575	0	0	55	3,630
Total Other Financing Receipts/(Disbursements)	0	3,575	0	0	55	3,630
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	17,647	67,682	0	0	55	85,384
Fund Cash Balances, January 1	34,677	126,267	0	0	1,772	162,716
Fund Cash Balances, December 31	\$52,324	\$193,949	\$0	\$0	\$1,827	\$248,100

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jefferson Township, Fayette 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, and fire protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Township funds, except the Trust Fund, are deposited in a "Now" checking account with a local commercial bank. The Trust Fund is deposited in a savings account and invested in a U.S. savings bond. Interest earnings are distributed to Township funds based upon the Ohio Constitution.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Motor Vehicle License Tax Fund - This fund receives motor vehicle tax money 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.

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cemetery Fund - This fund receives money and fees from the sale of lots, and grave openings and closings for purpose of maintaining, grooming and operating of Township cemeteries.

Fire Levy Fund - This fund receives property tax money for the provision of fire protection.

Permissive Motor Vehicle License Fund - This fund receives tax money for maintaining and repairing Township roads.

3. Debt Service Fund

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness.

4. Capital Project Fund

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

Issue II Fund - The Township received a grant from the State of Ohio to pave and replace culverts on Compton Road.

5. Fiduciary Fund (Nonexpendable 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. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Township's nonexpendable trust fund is used to account for the funds held in trust for specific uses in the cemetery. Only the interest earnings can be expended.

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 unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not use the encumbrance method of accounting.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$253,506	\$246,600
Savings account	1,000	1,000
Total deposits	254,506	247,600
U.S. Savings bond	500	500
Total deposits and investments	\$255,006	\$248,100

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

Investments: The Township invest the principle of a cemetery trust in a U.S. Savings Bond as requested by the donor. The U.S. Savings Bond is insured by the U.S. Government and is registered in the Township's name. The carrying amount and market value of investments at December 31, 1999 and 1998 was \$500.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,360	\$83,798	\$52,438
Special Revenue	588,663	655,384	66,721
Debt Service	51,769	51,769	0
Fiduciary	30	55	25
Total	\$671,822	\$791,006	\$119,184

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$83,685	\$64,631	\$19,054
Special Revenue	782,611	675,675	106,936
Debt Service	51,769	51,769	0
Fiduciary	1,857	300	1,557
Total	<u>\$919,922</u>	<u>\$792,375</u>	<u>\$127,547</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,860	\$74,641	\$42,781
Special Revenue	198,500	248,952	50,452
Debt Service	54,170	54,170	0
Capital Projects	25,734	25,734	0
Fiduciary	40	55	15
Total	<u>\$310,304</u>	<u>\$403,552</u>	<u>\$93,248</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$66,537	\$56,994	\$9,543
Special Revenue	324,768	181,270	143,498
Debt Service	54,170	54,170	0
Capital Projects	25,734	25,734	0
Fiduciary	1,812	0	1,812
Total	<u>\$473,021</u>	<u>\$318,168</u>	<u>\$154,853</u>

The Township did not use the encumbrance method of accounting as required by Ohio Rev. Code Section 5705.41 (D). 100% of the Townships expenditures did not contain prior certification or a then and now certification of the fiscal officer, and thus were not properly encumbered.

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 payment, 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 to the County by each April 30.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. PROPERTY TAX (Continued)

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

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Township Equipment General Obligation Note	\$20,400	5.60%
Fire Equipment General Obligation Note	27,400	4.90%
Road Equipment General Obligation Note	8,800	5.55%
Fire House General Obligation Notes	355,163	4.60%
Total	\$411,763	

The Township equipment general obligation note was issued in September 1996 for a period of five years to finance the purchase of a new dump truck to be used for Township road and cemetery maintenance, and plowing snow. The Township road equipment general obligation note was issued in June 1995 for a period of five years to finance the purchase of a new backhoe to be used for Township road maintenance. The Township fire equipment general obligation note was issued in January 1996 for a period of five years to finance the purchase of a new fire truck to be used for the provision of Township fire protection. The Township firehouse general obligation note was issued in June 1999 for a period of nine years to finance the construction of a new firehouse to be used for the house of fire equipment used in the provision of Township fire protection.

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

Year ending December 31:	Township Equipment General Obligation Notes	Fire Equipment General Obligation Notes	Road Equipment General Obligation Notes	Fire House General Obligation Notes	Totals
2000	\$9,293	\$28,743	\$11,332	\$55,801	\$105,169
2001	0	0	10,766	53,984	64,750
2002	0	0	0	52,170	52,170
2003	0	0	0	50,354	50,354
2004	0	0	0	48,539	48,539
Subsequent	0	0	0	176,003	176,003
Total	\$9,293	\$28,743	\$22,098	\$436,851	\$496,985

6. RETIREMENT SYSTEMS

The Township's officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

6. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Inland Marine
- Wrongful Acts
- Officials Surety Bond

The Township also provides health, disability, life, and cancer insurance coverage for the eligible elected officials and employees through a private carrier.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Jefferson Township
Fayette County
42 Railroad Street, NW.
Jeffersonville, Ohio 43128

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Fayette County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated February 18, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 1999-40624-001. We also noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated February 18, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report that we have reported to management of the Township in a separate letter dated February 18, 2000.

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

Jim Petro
Auditor of State

February 18, 2000

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-40624-001

Noncompliance

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000 dollars, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

Of the expenditures tested, 100% did not contain prior certification or a then and now certification of the fiscal officer.



STATE OF OHIO
OFFICE OF THE AUDITOR

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JEFFERSON TOWNSHIP

FAYETTE 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
MARCH 21, 2000**