



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**JEFFERSON TOWNSHIP
KNOX COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Jefferson Township
Knox County
17211 Chapel Road
Danville, Ohio 43014

We have audited the accompanying financial statements of Jefferson Township, Knox County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 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 audits.

We conducted our audits 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 audits 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 audits provide 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 of the Township as of December 31, 1999 and December 31, 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 May 10, 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 and the Board of Trustees 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

May 10, 2000

**JEFFERSON TOWNSHIP
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$2,998	\$21,278	\$0	\$24,276
Intergovernmental	20,871	75,525	57,898	154,294
Licenses, Permits, and Fees	875	1,710	0	2,585
Earnings on Investments	802	0	0	802
Other Revenue	514	8,580	0	9,094
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	26,060	107,093	57,898	191,051
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	24,049	0	0	24,049
Public Safety	0	8,699	0	8,699
Public Works	390	83,435	0	83,825
Health	408	2,239	0	2,647
Capital Outlay	6,992	2,189	57,898	67,079
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	31,839	96,562	57,898	186,299
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(5,779)	10,531	0	4,752
Fund Cash Balances, January 1, 1999	19,852	31,001	0	50,853
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31, 1999	<u>\$14,073</u>	<u>\$41,532</u>	<u>\$0</u>	<u>\$55,605</u>

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

JEFFERSON TOWNSHIP
KNOX COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$465</u>
Total Operating Cash Receipts	465
Operating Cash Disbursements:	
Personal Services	<u>516</u>
Total Operating Cash Disbursements	<u>516</u>
Operating Income/(Loss)	(51)
Fund Cash Balance, January 1, 1999	<u>8,078</u>
Fund Cash Balance, December 31, 1999	<u><u>\$8,027</u></u>

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

**JEFFERSON TOWNSHIP
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$2,975	\$21,114	\$24,089
Intergovernmental	38,157	79,421	117,578
Licenses, Permits, and Fees	675	700	1,375
Earnings on Investments	843	0	843
Other Revenue	1,914	8,930	10,844
	<u>44,564</u>	<u>110,165</u>	<u>154,729</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	22,966	156	23,122
Public Safety	0	8,700	8,700
Public Works	780	74,420	75,200
Health	415	1,610	2,025
Capital Outlay	20,248	4,055	24,303
	<u>44,409</u>	<u>88,941</u>	<u>133,350</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursement:	155	21,224	21,379
Fund Cash Balances, January 1, 1998	19,697	9,777	29,474
Fund Cash Balances, December 31, 1998	<u>\$19,852</u>	<u>\$31,001</u>	<u>\$50,853</u>

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

JEFFERSON TOWNSHIP
KNOX COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$464</u>
Total Operating Cash Receipts	464
Operating Cash Disbursements:	
Personal Services	<u>575</u>
Total Operating Cash Disbursements	<u>575</u>
Operating Income/(Loss)	(111)
Fund Cash Balance, January 1, 1998	<u>8,189</u>
Fund Cash Balance, December 31, 1998	<u><u>\$8,078</u></u>

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

**JEFFERSON TOWNSHIP
KNOX COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jefferson Township, Knox 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 services. The Township contracts with the Village of Danville to provide fire protection 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 and Investments

Certificates of deposit are valued at cost.

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:

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

Motor Vehicle License Tax Fund and Gasoline Tax Fund - These funds receive motor vehicle and gasoline tax money to pay for constructing, maintaining and repairing Township roads.

**JEFFERSON TOWNSHIP
KNOX COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

2. Special Revenue Funds (continued)

Fire District Fund - This fund receives tax money levied for the purpose of providing fire protection services to Township residents.

3. Capital Projects Funds

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 Projects Fund:

Issue II Fund - The Township received a grant from the State of Ohio for road repairs.

4. Fiduciary Funds (Trust Fund)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. The Township had the following significant Fiduciary Fund:

Nonexpendable Trust Fund - This fund receives interest income for the purpose of providing maintenance and improvements at Wesley Chapel Cemetery.

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. 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.

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

**JEFFERSON TOWNSHIP
KNOX COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 pool used by all funds except for the Nonexpendable Trust Fund. The trust funds are invested in certificates of deposit. 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	\$55,632	\$50,931
Certificates of deposit	<u>8,000</u>	<u>8,000</u>
Total deposits	<u><u>\$63,632</u></u>	<u><u>\$58,931</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$26,867	\$26,060	(\$807)
Special Revenue	106,161	107,093	932
Capital Projects	0	57,898	57,898
Nonexpendable Trust	<u>499</u>	<u>465</u>	<u>(34)</u>
Total	<u><u>\$133,527</u></u>	<u><u>\$191,516</u></u>	<u><u>\$57,989</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,718	\$31,839	\$14,879
Special Revenue	134,503	96,562	37,941
Capital Projects	0	57,898	(57,898)
Nonexpendable Trust	<u>577</u>	<u>516</u>	<u>61</u>
Total	<u><u>\$181,798</u></u>	<u><u>\$186,815</u></u>	<u><u>(\$5,017)</u></u>

**JEFFERSON TOWNSHIP
KNOX COUNTY**

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

3. BUDGETARY ACTIVITY (continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$44,273	\$44,564	\$291
Special Revenue	97,663	110,165	12,502
Nonexpendable Trust	475	464	(11)
Total	\$142,411	\$155,193	\$12,782

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$64,024	\$44,409	\$19,615
Special Revenue	107,441	88,941	18,500
Nonexpendable Trust	664	575	89
Total	\$172,129	\$133,925	\$38,204

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.

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.

**JEFFERSON TOWNSHIP
KNOX COUNTY**

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

5. RETIREMENT SYSTEMS

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 postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

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.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Property

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

Board of Trustees
Jefferson Township
Knox County
17211 Chapel Road
Danville, Ohio 43014

We have audited the accompanying financial statements of Jefferson Township, Knox County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated May 10, 2000. We conducted our audits 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 10, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. 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 May 10, 2000.

Jefferson Township
Knox County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

May 10, 2000



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JEFFERSON TOWNSHIP

KNOX 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
JUNE 8, 2000**