



**JEFFERSON TOWNSHIP
CRAWFORD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

JEFFERSON TOWNSHIP
CRAWFORD COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Jefferson Township
Crawford County
6317 Lower Leesville Road
Crestline, Ohio 44827

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 2000, and December 31, 1999. 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 Jefferson Township, Crawford County, Ohio, as of December 31, 2000, and December 31, 1999, 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 January 30, 2001, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, 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

January 30, 2001

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**JEFFERSON TOWNSHIP
CRAWFORD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

| | General | Special Revenue | Totals (Memorandum Only) |
|---|---------------------|----------------------------|---|
| Cash Receipts: | | | |
| Local Taxes | \$12,827 | \$54,159 | \$66,986 |
| Intergovernmental | 50,962 | 103,136 | 154,098 |
| Licenses, Permits, and Fees | 1,965 | 0 | 1,965 |
| Earnings on Investments | 5,984 | 1,237 | 7,221 |
| Other Revenue | 1,854 | 0 | 1,854 |
| Total Cash Receipts | 73,592 | 158,532 | 232,124 |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 31,322 | 0 | 31,322 |
| Public Safety | 0 | 33,567 | 33,567 |
| Public Works | 20,648 | 130,501 | 151,149 |
| Health | 3,910 | 0 | 3,910 |
| Capital Outlay | 2,245 | 0 | 2,245 |
| Total Cash Disbursements | 58,125 | 164,068 | 222,193 |
| Total Receipts Over/(Under) Disbursements | 15,467 | (5,536) | 9,931 |
| Fund Cash Balances, January 1 | 46,467 | 42,405 | 88,872 |
| Fund Cash Balances, December 31 | \$61,934 | \$36,869 | \$98,803 |
| Reserve for Encumbrances, December 31 | \$1,928 | \$3,492 | \$5,420 |

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

**JEFFERSON TOWNSHIP
CRAWFORD COUNTY**

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

| | General | Special Revenue | Totals (Memorandum Only) |
|---|---------------------|----------------------------|---|
| Cash Receipts: | | | |
| Local Taxes | \$13,643 | \$52,111 | \$65,754 |
| Intergovernmental | 32,021 | 67,616 | 99,637 |
| Licenses, Permits, and Fees | 770 | 0 | 770 |
| Earnings on Investments | 4,046 | 484 | 4,530 |
| Other Revenue | 2,638 | 0 | 2,638 |
| Total Cash Receipts | 53,118 | 120,211 | 173,329 |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 24,109 | 0 | 24,109 |
| Public Safety | 0 | 32,547 | 32,547 |
| Public Works | 0 | 68,017 | 68,017 |
| Health | 6,654 | 0 | 6,654 |
| Capital Outlay | 28,871 | 12,427 | 41,298 |
| Total Cash Disbursements | 59,634 | 112,991 | 172,625 |
| Total Receipts Over/(Under) Disbursements | (6,516) | 7,220 | 704 |
| Fund Cash Balances, January 1 | \$52,983 | \$35,185 | \$88,168 |
| Fund Cash Balances, December 31 | \$46,467 | \$42,405 | \$88,872 |

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

**JEFFERSON TOWNSHIP
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jefferson Township, Crawford County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance. The Township contracted with the Village of Crestline to provide fire and ambulance services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

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:

Gasoline Tax Fund - This fund receives gasoline 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.

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

**JEFFERSON TOWNSHIP
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and 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.

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.

A summary of 2000 and 1999 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 investment 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>2000</u> | <u>1999</u> |
|--------------------------------|------------------------|------------------------|
| Deposits | <u>\$17,732</u> | <u>\$27,579</u> |
| STAR Ohio | <u>81,071</u> | <u>61,293</u> |
| Total deposits and investments | <u><u>\$98,803</u></u> | <u><u>\$88,872</u></u> |

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

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

**JEFFERSON TOWNSHIP
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|-----------------|
| General | \$36,800 | \$73,592 | \$36,792 |
| Special Revenue | 154,737 | 158,532 | 3,795 |
| Total | <u>\$191,537</u> | <u>\$232,124</u> | <u>\$40,587</u> |

2000 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------|----------------------------|---------------------------|-----------------|
| General | \$83,267 | \$60,053 | \$23,214 |
| Special Revenue | 197,140 | 167,560 | 29,580 |
| Total | <u>\$280,407</u> | <u>\$227,613</u> | <u>\$52,794</u> |

1999 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|-----------------|
| General | \$32,994 | \$53,118 | \$20,124 |
| Special Revenue | 124,455 | 120,211 | (4,244) |
| Total | <u>\$157,449</u> | <u>\$173,329</u> | <u>\$15,880</u> |

1999 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------|----------------------------|---------------------------|-----------------|
| General | \$85,976 | \$59,634 | \$26,342 |
| Special Revenue | 159,639 | 112,991 | 46,648 |
| Total | <u>\$245,615</u> | <u>\$172,625</u> | <u>\$72,990</u> |

**JEFFERSON TOWNSHIP
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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.

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

5. RETIREMENT SYSTEMS

The Township 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS 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, 2000.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles



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

Jefferson Township
Crawford County
6317 Lower Leesville Road
Crestline, Ohio 44827

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Crawford County, Ohio (the Township), as of and for the years ended December 31, 2000, and December 31, 1999, and have issued our report thereon dated January 30, 2001. 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, and contracts, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-40517-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated January 30, 2001.

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 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 certain other 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 January 30, 2001.

Jefferson Township
Crawford 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 management and 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

January 30, 2001

**JEFFERSON TOWNSHIP
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

| | |
|-----------------------|-----------------------|
| Finding Number | 2000-40517-001 |
|-----------------------|-----------------------|

Prevailing Wage Requirements

Ohio Rev. Code Sections 4115.04 and 4115.05 require an entity to obtain the prevailing wages in their area for the types of labor required to complete the project they are going to bid before such project is bid and again when the contract is awarded, if the award is made more than 90 days after the original prevailing wage is determined. They then need to make sure that the contractors who are awarded the contracts agree, in the contract, to pay the prevailing wages.

The Township did not require the respective contractors to agree to pay prevailing wages for the construction of a storage building in 1999, of which \$20,000 was paid from the General Fund and \$29,749 was paid from the Road and Bridge fund. Prevailing wage contract provisions were also not evident for road work performed in 2000, of which \$28,632 was paid from the Road and Bridge fund.

We recommend the Township require contractors to agree to pay prevailing wages for bid contracts as required in the aforementioned code sections.



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JEFFERSON TOWNSHIP

CRAWFORD COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 13, 2001**