



**Auditor of State
Betty Montgomery**

**JEFFERSON TOWNSHIP
MERCER COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Jefferson Township
Mercer County
7171 Havemann Road
P.O. Box 259
Celina, Ohio 45822

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Mercer County, (the Township), as of and for the years ended December 31, 2003 and 2002. 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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Government because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe that our audit provides a reasonable basis for our opinion.

As described 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, 2003 and 2002, 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 June 18, 2004 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 and the Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 18, 2004

**JEFFERSON TOWNSHIP
MERCER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$43,557	\$140,335		\$183,892
Payment in Lieu of Taxes	21,130			21,130
Licenses, Permits, and Fees		37,879		37,879
Intergovernmental	116,531	90,472	17,206	224,209
Earnings on Investments	2,981	2,075		5,056
Miscellaneous		29,061		29,061
Total Cash Receipts	184,199	299,822	17,206	501,227
Cash Disbursements:				
Current:				
General Government	113,072			113,072
Public Safety	5,856	59,795		65,651
Public Works	1	202,007		202,008
Health	14,175	49,090		63,265
Capital Outlay	25,390		17,206	42,596
Debt Service:				
Redemption of Principal	3,000	3,000		6,000
Total Cash Disbursements	161,494	313,892	17,206	492,592
Total Receipts Over/(Under) Disbursements	22,705	(14,070)		8,635
Other Financing Receipts:				
Other Financing Sources	481			481
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	23,186	(14,070)		9,116
Fund Cash Balances, January 1	73,983	231,335		305,318
Fund Cash Balances, December 31	\$97,169	\$217,265	\$0	\$314,434

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

**JEFFERSON TOWNSHIP
MERCER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$44,286	\$138,712		\$182,998
Licenses, Permits, and Fees		36,914		36,914
Intergovernmental	111,329	89,436	15,893	216,658
Earnings on Investments	3,712	454		4,166
Miscellaneous	11,772	15,200		26,972
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	171,099	280,716	15,893	467,708
Cash Disbursements:				
Current:				
General Government	105,938			105,938
Public Safety		64,442		64,442
Public Works		107,274		107,274
Health	5,685	41,095		46,780
Capital Outlay	10,616		15,893	26,509
Debt Service:				
Redemption of Principal	6,000			6,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	128,239	212,811	15,893	356,943
Total Receipts Over Disbursements	42,860	67,905		110,765
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	31,123	163,430		194,553
Fund Cash Balances, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$73,983	\$231,335	\$0	\$305,318

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

**JEFFERSON TOWNSHIP
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jefferson Township, Mercer County, (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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the City of Celina to provide fire services and Mercer County to provide 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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

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.

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.

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

**JEFFERSON TOWNSHIP
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire Levy Fund - This fund receives property tax money for fire protection and ambulance service within the Township.

3. 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 Fund:

OPWC Fund – The Township receives grant monies, including Issue II, from the Ohio Public Works Commission, for road, culvert, and bridge repairs.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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.

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 2003 and 2002 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.

**JEFFERSON TOWNSHIP
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

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:

	2003	2002
Demand deposits	\$57,545	\$36,007
STAR Ohio	256,889	269,311
Total deposits and investments	\$314,434	\$305,318

Deposits: Deposits are insured by (1) the Federal Depository Insurance Corporation and (2) collateralized by the financial institution's public entity deposit pool.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$173,457	\$184,680	\$11,223
Special Revenue	315,764	299,822	(15,942)
Capital Projects		17,206	17,206
Total	\$489,221	\$501,708	\$12,487

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$188,725	\$161,494	\$27,231
Special Revenue	509,837	313,892	195,945
Capital Projects	3	17,206	(17,203)
Total	\$698,565	\$492,592	\$205,973

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$196,481	\$171,099	(\$25,382)
Special Revenue	262,482	280,716	18,234
Capital Projects	198,391	15,893	(182,498)
Total	\$657,354	\$467,708	(\$189,646)

**JEFFERSON TOWNSHIP
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$140,019	\$128,239	\$11,780
Special Revenue	412,482	212,811	199,671
Capital Projects	198,391	15,893	182,498
Total	\$750,892	\$356,943	\$393,949

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. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$12,000	0%

The Ohio Public Works Commission loan was issued to finance the relocation of Meyer Ditch on Meyer Road. The loan is payable in semi-annual installments of \$3,000.

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

	OPWC Loan
Year ending December 31:	
2004	\$6,000
2005	6,000
Total	\$12,000

6. RETIREMENT SYSTEMS

The Township's elected officials and other 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.

**JEFFERSON TOWNSHIP
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31 2002 and 2001 (the latest information available):

**JEFFERSON TOWNSHIP
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RISK MANAGEMENT (Continued)

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$23,757,036	\$23,703,776
Liabilities	(9,197,512)	(9,379,003)
Retained earnings	\$14,559,524	\$14,324,773

<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$6,596,996	\$5,011,131
Liabilities	(1,204,326)	(647,667)
Retained earnings	\$5,392,670	\$4,363,464



Auditor of State Betty Montgomery

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

Jefferson Township
Mercer County
7171 Havemann Road
P.O. Box 259
Celina, Ohio 45822

To the Board of Trustees:

We have audited the financial statements of the Jefferson Township, Mercer County, (the "Township"), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 18, 2004 wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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.

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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 to 2003-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 18, 2004.

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 other matters involving the internal control over financial reporting that do not require inclusion in this report and that we have reported to management in a separate dated June 18, 2004

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 18, 2004

**JEFFERSON TOWNSHIP
MERCER COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Finding for Recovery / Repaid Under Audit

Ohio Rev. Code Sections 505.24 (A) and (B) outline the compensation for township trustees on the basis of the budget. OAG Opinion 99-015 states for the purposes of calculating the authorized compensation of the township trustees and the township clerk pursuant to R.C. 505.24 and R.C. 507.09, the term "budget" refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate. Auditor of State Bulletin 99-008 provided additional clarification and stated when determining what the township's budget is, the amount of the official certificate of estimated resources or any amended certificates should be used and noted that the date of the certificate, as dated by the County Auditor, is the date that should be used in determining when any increases due to increased budgets are effective.

July 3, 2002, the Township amended the official certificate of estimated resources from \$570,784 to \$841,907, which moved the compensation of the officials to an increased salary bracket. The actual compensation paid was for the pay scale two tiers above what the Trustees were being originally paid instead of just one tier and this resulted in an overpayment of compensation as follows:

	Monthly Salary Allowed	Actual monthly salary paid	Variance per month (Underpaid) /Overpaid	Net variance
July 2002 to December 2002	\$750.33	\$825.33	\$75.00	\$450.00

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Richard Baucher, Trustee and his bonding company Ohio Township Association Risk Management Authority jointly and severally, in the amount of \$450.00 to be allocated as follows: \$99.00 in favor of the General Fund, \$99.00 in favor of the Motor Vehicle License Fund, \$126.00 in favor of the Gas Tax Fund, and \$126.00 in favor of the Road and Bridge Fund.

The Trustee reimbursed the Township for the overpayment of salaries on June 8, 2004.

FINDING NUMBER 2003-002

Finding Repaid Under Audit

Ohio Rev. Code Sections 505.24 (A) and (B) outline the compensation for township trustees on the basis of the budget. OAG Opinion 99-015 states for the purposes of calculating the authorized compensation of the township trustees and the township clerk pursuant to R.C. 505.24 and R.C. 507.09, the term "budget" refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate. Auditor of State Bulletin 99-008 provided additional clarification and stated when determining what the township's budget is, the amount of the official certificate of estimated resources or any amended certificates should be used and noted that the date of the certificate, as dated by the County Auditor, is the date that should be used in determining when any increases due to increased budgets are effective.

**FINDING NUMBER 2003-002
 (Continued)**

July 3, 2002, the Township amended the official certificate of estimated resources from \$570,784 to \$841,907, which moved the compensation of the officials to an increased salary bracket. The actual compensation paid was for the pay scale two tiers above what the Trustees were being originally paid instead of just one tier and this resulted in an overpayment of compensation as follows:

	<u>Monthly Salary Allowed</u>	<u>Actual monthly salary paid</u>	<u>Variance per month (Underpaid) /Overpaid</u>	<u>Net variance</u>
July 2002 to December 2002	\$750.33	\$825.33	\$75.00	\$450.00

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Keith Houts, Trustee and his bonding company Ohio Township Association Risk Management Authority jointly and severally, in the amount of \$450.00 to be allocated as follows: \$99.00 in favor of the General Fund, \$99.00 in favor of the Motor Vehicle License Fund, \$126.00 in favor of the Gas Tax Fund, and \$126.00 in favor of the Road and Bridge Fund.

The Trustee reimbursed the Township for the overpayment of salaries on June 3, 2004.

FINDING NUMBER 2003-003

Finding Repaid Under Audit

Ohio Rev. Code Sections 505.24 (A) and (B) outline the compensation for township trustees on the basis of the budget. OAG Opinion 99-015 states for the purposes of calculating the authorized compensation of the township trustees and the township clerk pursuant to R.C. 505.24 and R.C. 507.09, the term "budget" refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate. Auditor of State Bulletin 99-008 provided additional clarification and stated when determining what the township's budget is, the amount of the official certificate of estimated resources or any amended certificates should be used and noted that the date of the certificate, as dated by the County Auditor, is the date that should be used in determining when any increases due to increased budgets are effective.

July 3, 2002, the Township amended the official certificate of estimated resources from \$570,784 to \$841,907, which moved the compensation of the officials to an increased salary bracket. The actual compensation paid was for the pay scale two tiers above what the Trustees were being originally paid instead of just one tier and this resulted in an overpayment of compensation as follows:

	<u>Monthly Salary Allowed</u>	<u>Actual monthly salary paid</u>	<u>Variance per month (Underpaid) /Overpaid</u>	<u>Net variance</u>
July 2002 to December 2002	\$750.33	\$825.33	\$75.00	\$450.00

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Kent Marbaugh, Trustee and his bonding company Ohio Township Association Risk Management Authority jointly and severally, in the amount of \$450.00 to be allocated as follows: \$99.00 in favor of the General Fund, \$99.00 in favor of the Motor Vehicle License Fund, \$126.00 in favor of the Gas Tax Fund, and \$126.00 in favor of the Road and Bridge Fund.

The Trustee reimbursed the Township for the overpayment of salaries on June 3, 2004.

FINDING NUMBER: 2003-004

Noncompliance Citation

Ohio Rev. Code Section 5705.10 states that revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

The Township posted the 2003 ambulance contract payment of \$5,856 to the Fire Fund rather than to the General Fund requiring an adjustment between the two funds. The Township has agreed to and has posted the adjustment to its financial records. The adjustment is reflected in the accompanying financial statements.

The Township should monitor the purpose of each expenditure and the posting of each expenditure. Management should refer to the UAN chart of accounts when there is a question of appropriate fund or account coding.

**JEFFERSON TOWNSHIP
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-001	ORC Sec. 507.09 (A) & (D) - Overpayment of Salary	Yes	The overpayment was repaid to the Township. The current findings for recovery against the Trustees are based upon the Clerk using the incorrect per diem tier based upon the Township's estimated resources.
2001-002	ORC Sec. 507.09 (A) & (D) - Overpayment of Salary	Yes	The overpayment was repaid to the Township The current findings for recovery against the Trustees are based upon the Clerk using the incorrect per diem tier based upon the Township's estimated resources.
2001-003	ORC Sec. 507.09 (A) & (D) - Overpayment of Salary	Yes	The overpayment was repaid to the Township The current findings for recovery against the Trustees are based upon the Clerk using the incorrect per diem tier based upon the Township's estimated resources.
2001-004	ORC Sec. 507.09 (A) & (D) - Overpayment of Salary	Yes	The overpayment was repaid to the Township.
2001-005	ORC Sec. 5705.10 - Posting of revenues	No	Comment repeated
2001-006	ORC Sec. 5705.41(D) - Certification of funds	Yes	The Clerk is utilizing "Then & Now" certifications



**Auditor of State
Betty Montgomery**

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JEFFERSON TOWNSHIP

MERCER 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
AUGUST 5, 2004**