



**JEFFERSON TOWNSHIP  
COSHOCTON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



JEFFERSON TOWNSHIP  
COSHOCTON COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Jefferson Township  
Coshocton County  
Board of Trustees  
26657 CR 22  
Warsaw, OH 43844

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Coshocton County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 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 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 and reserves for encumbrances of the Township as of December 31, 2000 and 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 March 2, 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 audits.

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

March 2, 2001

**JEFFERSON TOWNSHIP  
COSHOCOTON 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**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$7,660	\$13,870	\$21,530
Intergovernmental	29,561	64,123	93,684
Licenses, Permits, and Fees	2	625	627
Earnings on Investments	347	1,038	1,385
Other Revenue	409	270	679
	<u>37,979</u>	<u>79,926</u>	<u>117,905</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	16,528		16,528
Public Works	9,843	87,012	96,855
Health	3,159	1,591	4,750
	<u>29,530</u>	<u>88,603</u>	<u>118,133</u>
<b>Total Cash Disbursements</b>			
Excess of Cash Receipts Over/(Under) Cash Disbursements	8,449	(8,677)	(228)
Fund Cash Balances, January 1	<u>11,791</u>	<u>25,954</u>	<u>37,745</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$20,240</b></u>	<u><b>\$17,277</b></u>	<u><b>\$37,517</b></u>
Reserves for Encumbrances, December 31	<u>\$88</u>	<u>\$2,993</u>	<u>\$3,081</u>

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

**JEFFERSON TOWNSHIP  
COSHOCTON 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**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$7,736	\$13,993	\$21,729
Intergovernmental	21,503	68,891	90,394
Licenses, Permits, and Fees		1,275	1,275
Earnings on Investments	231	1,140	1,371
Other Revenue	25	450	475
	<u>29,495</u>	<u>85,749</u>	<u>115,244</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	18,184		18,184
Public Works	7,248	70,601	77,849
Health	3,241	2,160	5,401
	<u>28,673</u>	<u>72,761</u>	<u>101,434</u>
Excess of Cash Receipts Over Cash Disbursements	822	12,988	13,810
Fund Cash Balances, January 1	<u>10,969</u>	<u>12,966</u>	<u>23,935</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$11,791</u></b>	<b><u>\$25,954</u></b>	<b><u>\$37,745</u></b>
Reserves for Encumbrances, December 31	<u>\$221</u>	<u>\$1,660</u>	<u>\$1,881</u>

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



**JEFFERSON TOWNSHIP  
COSHOCOTON COUNTY**

**COMBINED STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN  
FUND CASH BALANCES - NONEXPENDABLE TRUST FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	<b>2000</b>	<b>1999</b>
<b>Cash Receipts:</b>		
Charges for Services		\$240
Earnings on Investments	\$96	12
Total Cash Receipts	96	252
 <b>Cash Disbursements:</b>		
Total Cash Disbursements	0	0
Total Cash Receipts Over Cash Disbursements	96	252
Fund Cash Balances, January 1	17,994	17,742
 <b>Fund Cash Balances, December 31</b>	<b>\$18,090</b>	<b>\$17,994</b>
 Reserves for Encumbrances, December 31	\$0	\$0

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

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**JEFFERSON TOWNSHIP  
COSHOCTON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Jefferson Township, Coshocton 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 general governmental services, including road and bridge maintenance and cemetery maintenance.

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.

Investments are included in the fund cash balances. 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.

**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  
COSHOCTON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

Darling Run Cemetery Bequest Fund -This fund is used to account for money bequeathed to the Darling Run Cemetery. Within this fund, the Township may only spend the interest earned on the original bequest.

**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 or function 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not use the encumbrance method of accounting. The financial statements include adjustments for unrecorded purchase commitments outstanding at year-end.

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 capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**JEFFERSON TOWNSHIP  
COSHOCOTON COUNTY**

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

**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>
Demand deposits	\$38,607	\$38,739
Certificates of deposit	<u>17,000</u>	<u>17,000</u>
Total deposits	<u><u>\$55,607</u></u>	<u><u>\$55,739</u></u>

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

**3. BUDGETARY ACTIVITY**

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$25,291	\$37,979	\$12,688
Special Revenue	79,301	79,926	625
Fiduciary		<u>96</u>	<u>96</u>
Total	<u><u>\$104,592</u></u>	<u><u>\$118,001</u></u>	<u><u>\$13,409</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$37,081	\$29,618	\$7,463
Special Revenue	105,255	91,596	13,659
Fiduciary			<u>0</u>
Total	<u><u>\$142,336</u></u>	<u><u>\$121,214</u></u>	<u><u>\$21,122</u></u>

**JEFFERSON TOWNSHIP  
COSHOCTON COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,264	\$29,495	\$5,231
Special Revenue	76,466	85,749	9,283
Fiduciary		252	252
Total	\$100,730	\$115,496	\$14,766

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$35,233	\$28,894	\$6,339
Special Revenue	89,432	74,421	15,011
Fiduciary			0
Total	\$124,665	\$103,315	\$21,350

For both 2000 and 1999, the Township did not use the encumbrance method of accounting as required by Ohio Admin. Code Section 117-3-11(C). The Township also did not prepare purchase orders as required by Ohio Admin. Code. Section 117-3-05.

**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 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 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  
COSHOCTON COUNTY**

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

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 10.84% and 13.55% for 2000 and 1999, respectively, 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  
Coshocton County  
Board of Trustees  
26657 CR 22  
Warsaw, OH 43844

To the Board of Trustees:

We have audited the accompanying financial statements of Jefferson Township, Coshocton County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 2, 2001. 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2000-41016-001 and 2000-41016-002.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 2, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2000-41016-002.

**Internal Control Over Financial Reporting** (continued)

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

In addition, we noted another 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 March 2, 2001.

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.

**Jim Petro**  
Auditor of State

March 2, 2001

**JEFFERSON TOWNSHIP  
COSHOCTON 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 2000-41016-001  
Material Noncompliance**

Ohio Admin. Code Section 117-3-11(C) requires that each encumbrance be charged and posted against an appropriation account reducing the unencumbered balance appropriated for the account.

For both 2000 and 1999, the Township did not use the encumbrance method of accounting as required by this Section. The Clerk should post encumbrances to the Township's ledgers which will enable management to effectively monitor spending and assist the Township with budget management decisions.

**FINDING NUMBER 2000-41016-002  
Material Weakness/Noncompliance**

Ohio Admin. Code Section 117-3-05 requires that all purchase orders be numbered consecutively and prepared in triplicate. The Section also describes the information which should be included on the purchase order.

For both 2000 and 1999, the Township did not use purchase orders to document their contractual commitments with vendors. Purchase orders serve as vendor authorization to deliver goods or services and bill on specified terms such as time and method for delivery, and quantity and price. Accordingly, the Clerk should prepare purchase orders as prescribed by this Section and submit a copy to the vendor each time a purchase commitment is made.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**JEFFERSON TOWNSHIP**

**COSHOCTON 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  
APRIL 10, 2001**