



**JACKSON TOWNSHIP
JACKSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**JACKSON TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Jackson Township
Jackson County
60 Twin Bridge Road
Wellston, Ohio 45692

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Jackson 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 of Jackson Township, Jackson County, 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 April 20, 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 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

April 20, 2000

**JACKSON TOWNSHIP
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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Taxes	\$26,765		\$78,473	\$105,238
Intergovernmental Receipts	24,236	\$128,744		152,980
Interest	2,975	5,515		8,490
Other Revenue	31			31
	<u>54,007</u>	<u>134,259</u>	<u>78,473</u>	<u>266,739</u>
Total Cash Receipts				
	<u>54,007</u>	<u>134,259</u>	<u>78,473</u>	<u>266,739</u>
Cash Disbursements:				
Current:				
General Government	40,776			40,776
Public Safety	3,860			3,860
Public Works	300	47,659		47,959
Health	1,182			1,182
Capital Outlay			65,694	65,694
Miscellaneous		49,070		49,070
	<u>46,118</u>	<u>96,729</u>	<u>65,694</u>	<u>208,541</u>
Total Cash Disbursements				
	<u>46,118</u>	<u>96,729</u>	<u>65,694</u>	<u>208,541</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>7,889</u>	<u>37,530</u>	<u>12,779</u>	<u>58,198</u>
Other Financing Sources/(Uses):				
Other Financing Sources			2,132	2,132
Transfers-In			10,605	10,605
Transfers-Out		(10,605)		(10,605)
		<u>(10,605)</u>	<u>12,737</u>	<u>2,132</u>
Total Other Financing Sources/(Uses)				
		<u>(10,605)</u>	<u>12,737</u>	<u>2,132</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	7,889	26,925	25,516	60,330
Fund Cash Balances, January 1	<u>63,527</u>	<u>103,596</u>	<u>62,285</u>	<u>229,408</u>
Fund Cash Balances, December 31	<u>\$71,416</u>	<u>\$130,521</u>	<u>\$87,801</u>	<u>\$289,738</u>

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

**JACKSON TOWNSHIP
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$100
Total Operating Cash Receipts	100
Operating Income/(Loss)	100
 Fund Cash Balance, January 1	 3,656
Fund Cash Balance, December 31	\$3,756

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

**JACKSON TOWNSHIP
 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Taxes	\$17,539		\$66,188	\$83,727
Intergovernmental Receipts	38,729	\$186,861		225,590
Interest	3,686	5,998		9,684
Other Revenue	1,027			1,027
Total Cash Receipts	<u>60,981</u>	<u>192,859</u>	<u>66,188</u>	<u>320,028</u>
Cash Disbursements:				
Current:				
General Government	43,832			43,832
Public Safety	9,270	37,215		46,485
Public Works	286			286
Health	3,977			3,977
Capital Outlay			99,057	99,057
Miscellaneous		88,519		88,519
Total Cash Disbursements	<u>57,365</u>	<u>125,734</u>	<u>99,057</u>	<u>282,156</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>3,616</u>	<u>67,125</u>	<u>(32,869)</u>	<u>37,872</u>
Other Financing Sources/(Uses):				
Other Financing Uses	(3,476)			(3,476)
Other Financing Sources		1,350	2,127	3,477
Transfers-In			35,161	35,161
Transfers-Out		(35,161)		(35,161)
Total Other Financing Sources/(Uses)	<u>(3,476)</u>	<u>(33,811)</u>	<u>37,288</u>	<u>1</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	140	33,314	4,419	37,873
Fund Cash Balances, January 1	<u>63,387</u>	<u>70,282</u>	<u>57,866</u>	<u>191,535</u>
Fund Cash Balances, December 31	<u>\$63,527</u>	<u>\$103,596</u>	<u>\$62,285</u>	<u>\$229,408</u>

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

**JACKSON TOWNSHIP
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Nonexpendable Trust
Operating Cash Receipts:	
Interest	101
Total Operating Cash Receipts	101
Operating Income/(Loss)	101
 Fund Cash Balance, January 1	 3,555
Fund Cash Balance, December 31	\$3,656

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jackson Township, Jackson 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.

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.

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

C. 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 received gasoline tax money to construct, maintain and repair Township roads.

Motor Vehicle License Tax Fund - This fund received motor vehicle license tax money to construct, maintain, and repair Township roads.

FEMA Fund - This fund received money from federal programs for repairing damages caused by flooding.

3. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following Capital Projects Fund:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Capital Projects Fund (Continued)

Sales Tax Fund - This fund received sales tax monies from the County Auditor to finance major capital projects.

4. Fiduciary Funds (Trust Funds)

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 Fiduciary Funds:

K.B. Cemetery Trust Fund - The monies in this fund are held in a certificate of deposit. The Township received interest from this account monthly.

Limerick Cemetery Trust Fund - The monies in this fund are held in a certificate of deposit. The Township received interest from this account monthly.

D. 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 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 re-appropriated in the subsequent year.

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

E. 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

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	\$293,142	\$238,551
Investments	2,000	2,000
Outstanding checks	<u>(1,648)</u>	<u>(7,487)</u>
Total Balance	<u>\$293,494</u>	<u>\$233,064</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

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	\$70,000	\$54,007	(\$15,993)
Special Revenue	124,675	134,259	9,584
Capital Projects	72,000	91,210	19,210
Nonexpendable Trust	90	100	10
Total	<u>\$266,765</u>	<u>\$279,576</u>	<u>\$12,811</u>

1999 Budgeted vs. Actual Disbursements			
Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$87,120	\$46,118	\$41,002
Special Revenue	87,000	107,334	(20,334)
Capital Projects	80,000	65,694	14,306
Total	<u>\$254,120</u>	<u>\$219,146</u>	<u>\$34,974</u>

**JACKSON TOWNSHIP
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	\$71,000	\$60,981	(\$10,019)
Special Revenue	153,519	194,209	40,690
Capital Projects	99,161	103,476	4,315
Nonexpendable Trust	90	101	11
Total	\$323,770	\$358,767	\$34,997

1998 Budgeted vs. Actual Disbursements			
Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$77,220	\$60,841	\$16,379
Special Revenue	87,000	160,895	(73,895)
Capital Projects	80,000	99,057	(19,057)
Total	\$244,220	\$320,793	(\$76,573)

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.

JACKSON TOWNSHIP
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 post-retirement 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 1999 and 1998, 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, 1999.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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STATE OF OHIO
OFFICE OF THE AUDITOR

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

Jackson Township
Jackson County
60 Twin Bridge Road
Wellston, Ohio 45692

To The Board of Trustees:

We have audited the financial statements of Jackson Township, Jackson County, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 20, 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 Jackson 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 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 1999-40740-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 20, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jackson 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 judgement, 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. The reportable condition is described in the accompanying Schedule of Findings as item 1999-40740-002.

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 do not believe the reportable condition described above is a material weakness. We noted other matters involving the control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 20, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

April 20, 2000

**JACKSON TOWNSHIP
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	1999-40740-001
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Noncompliance Citation

Ohio Revised Code 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

In 1998, expenditures exceeded appropriations in the Sales Tax Fund by \$19,057 (23.8%). Expenditures of \$35,161, in 1998 and \$59,675, in 1999 were made from the Federal Emergency Management Association (FEMA) Fund and there were no appropriations made to that fund in either year.

We recommend that the Township Trustees not approve the disbursement of any Township funds that are not supported by appropriations.

Finding Number	1999-40740-002
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Reportable Condition

Estimated Receipts

In 1999, estimated receipts exceeded actual receipts in the General Fund by \$15,933 (22.8%). In 1998, estimated receipts exceeded actual receipts in the General Fund by \$10,019 (14.1%) and the K.B. Cemetery Fund by \$46 (67.6%).

Since appropriations can be made up to the amount of estimated revenue, this could lead to the overspending of fund balances.

We recommend that the Clerk monitor the actual receipts of the Township. When it is evident that actual receipts will not reach budgetary estimates, the Clerk should obtain a reduced amended certificate from the County Budget Commission. We further recommend that the Board of Trustees make corresponding reductions in appropriations.



STATE OF OHIO
OFFICE OF THE AUDITOR

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JACKSON TOWNSHIP

JACKSON 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
MAY 30, 2000**