



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

JACKSON TOWNSHIP
CHAMPAIGN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Jackson Township
Champaign County
PO Box 114
Christiansburg, Ohio 45389

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township (the Township), as of and for the years ended December 31, 2001 and 2000. 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. 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Jackson Township, Champaign County, as of December 31, 2001 and 2000, 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 30, 2002, 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 the audit committee, management, the Board 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, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

April 30, 2002

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$9,970	\$92,252		\$102,222
Intergovernmental	20,872	72,659		93,531
Special Assessments		802		802
Licenses, Permits, and Fees	4,231			4,231
Earnings on Investments	2,748	1,012	1,259	5,019
Other Revenue	905			905
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	38,726	166,725	1,259	206,710
Cash Disbursements:				
Current:				
General Government	28,061	28,193	1,340	57,594
Public Works		88,594		88,594
Health	13,896			13,896
Capital Outlay	1,428	24,219		25,647
	<hr/>	<hr/>	<hr/>	<hr/>
Total Disbursements	43,385	141,006	1,340	185,731
Total Receipts Over/(Under) Disbursements	(4,659)	25,719	(81)	20,979
Fund Cash Balances January 1	32,689	77,343	19,873	129,905
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Fund Cash Balances, December 31	<u>\$28,030</u>	<u>\$103,062</u>	<u>\$19,792</u>	<u>\$150,884</u>

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

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$10,468	\$71,761		\$82,229
Intergovernmental	17,269	69,889		87,158
Special Assessments		801		801
Licenses, Permits, and Fees	5,375			5,375
Earnings on Investments	3,464	1,364	988	5,816
Other Revenue	367			367
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	36,943	143,815	988	181,746
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	28,802	40,228	975	70,005
Public Works		144,112		144,112
Health	12,350			12,350
	<hr/>	<hr/>	<hr/>	<hr/>
Total Disbursements	41,152	184,340	975	226,467
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(4,209)	(40,525)	13	(44,721)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances January 1	36,898	117,868	19,860	174,626
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$32,689</u>	<u>\$77,343</u>	<u>\$19,873</u>	<u>\$129,905</u>

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

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jackson Township, Champaign 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 Johnson - St. Paris Fire Department for fire protection and Johnson - St. Paris Emergency Medical Services for 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. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 Fund

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.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 funds:

Newson Bequest Fund - A non-expendable trust fund. Amounts donated are maintained in perpetuity. Investment earnings are used for grave maintenance as specified by the donor.

Hill Bequest Fund - A non-expendable trust fund. Amounts donated are maintained in perpetuity. Investment earnings are used for grave maintenance as specified by the donor.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board 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. Expenditures exceeded appropriations in the Gas Tax fund, contrary to Ohio Rev. Code 5705.41(B).

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. The Township did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 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.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(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:

	<u>2001</u>	<u>2000</u>
Demand deposits	\$ 106,644	\$ 86,542
Certificates of deposit	22,200	22,200
Total deposits	128,844	108,742
STAR Ohio	22,040	21,163
Total deposits and investments	\$ 150,884	\$ 129,905

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

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, 2001 and 2000, follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 38,944	\$ 38,726	\$ (218)
Special Revenue	153,884	166,725	12,841
Fiduciary	1,300	1,259	(41)
Total	\$ 194,128	\$ 206,710	\$ 12,582

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 58,735	\$ 43,385	\$ 15,350
Special Revenue	244,127	141,006	103,121
Fiduciary	21,174	1,340	19,834
Total	\$ 324,036	\$ 185,731	\$ 138,305

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 36,977	\$ 36,943	\$ (34)
Special Revenue	123,384	143,815	20,431
Fiduciary	1,300	988	(312)
Total	\$ 161,661	\$ 181,746	\$ 20,085

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 73,876	\$ 41,152	\$ 32,724
Special Revenue	241,252	184,340	56,912
Fiduciary	21,160	975	20,185
Total	\$ 336,288	\$ 226,467	\$ 109,821

Contrary to Ohio law, the Township did not comply with the encumbering or certification requirements and, during fiscal year 2000, the total expenditures exceeded total appropriations in the Special Revenue - Gas Tax Fund.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

5. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

Jackson Township
Champaign County
PO Box 114
Christiansburg, Ohio 45389

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 30, 2002. 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, and contracts, 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 2000-40311-001 through 2000-40311-004. We also noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated April 30, 2002.

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 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 April 30, 2002.

This report is intended solely for the information and use of the audit committee, management, and the 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

April 30, 2002

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-40311-001

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriation fund free from any previous encumbrance.

This section also provides an exception to this requirement:

If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the township must approve of such payment within thirty days of the date of the fiscal officer's certification.

The Township did not comply with certification requirements and did not use the encumbrance method of accounting for 100% of the expenditures during the audit period.

The Township should implement policies and procedures to comply with the certification and encumbrance requirements.

FINDING NUMBER 2001-40311-002

Ohio Rev. Code Section 5705.41(B) requires that no taxing authority expend money unless it has been appropriated. During 2000, the total expenditures exceeded total appropriations in the Gasoline Tax Fund by \$7,835.65, or 11%. The Township should monitor expenditures and appropriations to reduce the risk of expending money that is not appropriated, or not available.

FINDING NUMBER 2001-40311-003

Ohio Rev. Code Section 505.24 states that the Trustees shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. The Township paid 100% of the Trustees' salaries from the Gas Tax Fund during the audit period. A retroactive resolution was passed to proportion the Trustees' salaries in the following manner: 10% of the Trustees' salaries from the General Fund and 90% from the Gas Tax Fund. During fiscal year 2000, the Township expended \$2,101 from the Gas Tax Fund that should have been expended from the General Fund to pay the Trustees' salaries; and during fiscal year 2001, the Township expended \$2,164 from the Gas Tax Fund that should have been expended from the General Fund to pay the Trustees' salaries. These adjustments were made to the financial statements. The township should review the salary distribution by fund on an annual basis, and modify as necessary.

FINDING NUMBER 2000-30311-004

Ohio Rev. Code Section 5549.21 states that all payments for road construction and maintenance must be made from the township road fund, general operating levy monies may not be expended for such purposes. The Township paid \$15,000 from the general fund for road maintenance (Chip and Seal). This caused the general fund to be understated by \$15,000 and the Special Revenue Fund to be overstated by \$15,000. These adjustments were made to the financial statements. The Township should transfer general fund money into the road fund for future expenditures of this type, as long as the source of the transferred money is not from the general operating levy.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001, and 2000**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; Explain :
1999-40311-001	Ohio Rev. Code 5705.41 (D) - Failure to Certify Funds	No	Not Corrected - Repeated as Finding # 2001-40311-001.



STATE OF OHIO
OFFICE OF THE AUDITOR

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JACKSON TOWNSHIP

CHAMPAIGN 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
JULY 16, 2002**