



**JACKSON TOWNSHIP  
KNOX COUNTY**

**REGULAR AUDIT**

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



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

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**STATE OF OHIO**



JACKSON TOWNSHIP  
KNOX COUNTY

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## **REPORT OF INDEPENDENT ACCOUNTANTS**

Jackson Township  
Knox County  
28463 McKee Rd  
Frazeesburg, Ohio 43822-9406

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Knox County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our 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 of Jackson Township, Knox County, Ohio, as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 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 Township 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

May 15, 2001

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**JACKSON TOWNSHIP  
KNOX 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**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$9,372	\$8,520	\$17,892
Intergovernmental	24,478	78,031	102,509
Earnings on Investments	635	724	1,359
Other	1	20	21
 Total Cash Receipts	 34,486	 87,295	 121,781
<b>Cash Disbursements:</b>			
Current:			
General Government	30,183	0	30,183
Public Works	1,398	96,067	97,465
Capital Outlay	0	41,151	41,151
 Total Cash Disbursements	 31,581	 137,218	 168,799
 Total Receipts Over/(Under) Disbursements	 2,905	 (49,923)	 (47,018)
<b>Other Financing Receipts/(Disbursements):</b>			
Sale of Notes	0	16,000	16,000
Sale of Fixed Assets	97	0	97
Transfers-In	2,231	7,509	9,740
Transfers-Out	0	(9,740)	(9,740)
Other Sources- Proceeds of Insurance	0	18,600	18,600
 Total Other Financing Receipts/(Disbursements)	 2,328	 32,369	 34,697
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 5,233	 (17,554)	 (12,321)
 Fund Cash Balances, January 1, 2000	 3,097	 38,369	 41,466
 <b>Fund Cash Balances, December 31, 2000</b>	 <b>\$8,330</b>	 <b>\$20,815</b>	 <b>\$29,145</b>

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

**JACKSON TOWNSHIP  
KNOX 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**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$7,598	\$6,908	\$14,506
Intergovernmental	21,755	65,169	86,924
Earnings on Investments	488	1,413	1,901
Other	1	0	1
Total Cash Receipts	29,842	73,490	103,332
<b>Cash Disbursements:</b>			
Current:			
General Government	31,971	0	31,971
Public Works	4,694	83,007	87,701
Capital Outlay	0	92	92
Total Cash Disbursements	36,665	83,099	119,764
Total Receipts Over/(Under) Disbursements	(6,823)	(9,609)	(16,432)
<b>Other Financing Receipts/(Disbursements):</b>			
Transfer-In		8,129	
Transfer-Out		(8,129)	
Other Sources	12	0	12
Total Other Financing Receipts/(Disbursements)	12	0	12
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(6,811)	(9,609)	(16,420)
Fund Cash Balances, January 1, 1999	9,908	47,978	57,886
<b>Fund Cash Balances, December 31, 1999</b>	<b>\$3,097</b>	<b>\$38,369</b>	<b>\$41,466</b>

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



**JACKSON TOWNSHIP  
KNOX COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Jackson Township, Knox County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, fire protection and emergency medical service through the Bladensburg Fire District.

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**

The Township maintains an interest earning checking account.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Motor Vehicle Tax Fund - This fund receives licensing tax money for constructing, maintaining, and repairing Townships roads.

**JACKSON TOWNSHIP  
KNOX COUNTY**

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

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. 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**

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investment. The carrying amounts of cash at December 31, 2000 and December 31, 1999 were as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$29,145</u>	<u>\$41,466</u>

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

**JACKSON TOWNSHIP  
KNOX COUNTY**

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

**3. BUDGETARY ACTIVITY**

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

**2000 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$29,002	\$36,814	\$7,812
Special Revenue	<u>74,071</u>	<u>129,404</u>	<u>55,333</u>
Total	<u>\$103,073</u>	<u>\$166,218</u>	<u>\$63,145</u>

**2000 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$32,100	\$31,581	\$519
Special Revenue	<u>147,039</u>	<u>146,958</u>	<u>81</u>
Total	<u>\$179,139</u>	<u>\$178,539</u>	<u>\$600</u>

**1999 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,863	\$29,854	\$1,991
Special Revenue	<u>70,568</u>	<u>81,619</u>	<u>11,051</u>
Total	<u>\$98,431</u>	<u>\$111,473</u>	<u>\$13,042</u>

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$37,773	\$36,665	\$1,108
Special Revenue	<u>118,545</u>	<u>91,228</u>	<u>27,317</u>
Total	<u>\$156,318</u>	<u>\$127,893</u>	<u>\$28,425</u>

**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.

**JACKSON TOWNSHIP  
KNOX COUNTY**

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

**4. PROPERTY TAX (Continued)**

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, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Backhoe	\$16,000	6.22%

The note was issued to partially finance the purchase of a backhoe.

Amortization of the above debt, including interest is as follows.

<u>For Year Ending December 31</u>	<u>Backhoe</u>
2001	\$ 4,995
2002	\$4,746
2003	\$4,498
2004	<u>\$4,249</u>
Total	\$ <u>18,488</u>

**6. RETIREMENT SYSTEM**

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. In 1999, the Township contributed an amount equal to 13.55% of participants' gross salaries. In 2000, the average employers' contribution rate was 10.84% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**7. 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 ON COMPLIANCE AND ON INTERNAL  
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Jackson Township  
Knox County  
28463 McKee Rd  
Frazeytsburg, Ohio 43822-9406

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Knox County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated May 15, 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 15, 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a 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 May 15, 2001.

Jackson Township  
Knox County  
Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
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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

May 15, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**JACKSON TOWNSHIP**

**KNOX 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  
JUNE 21, 2001**