



**JACKSON TOWNSHIP
MUSKINGUM 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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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Jackson Township
Muskingum County
11895 Hamby Hill Road
Frazeyburg, Ohio 43822

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Muskingum 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 and reserves for encumbrances of Jackson Township, Muskingum 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 May 24, 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

May 24, 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>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$13,386	\$71,346	\$15,110	\$99,842
Intergovernmental	20,281	65,594		85,875
Licenses, Permits, and Fees		7,100		7,100
Interest	3,415	691		4,106
Other Revenue	5,100	5,712		10,812
	<u>42,182</u>	<u>150,443</u>	<u>15,110</u>	<u>207,735</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	22,889			22,889
Public Safety		40,265		40,265
Public Works		104,330		104,330
Health		23,844		23,844
Debt Service:				
Redemption of Principal			12,908	12,908
Interest and Fiscal Charges			1,877	1,877
Capital Outlay		3,675		3,675
	<u>22,889</u>	<u>172,114</u>	<u>14,785</u>	<u>209,788</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>19,293</u>	<u>(21,671)</u>	<u>325</u>	<u>(2,053)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		10,066		10,066
Advances-In		8,400		8,400
Transfers-Out	(9,500)		(566)	(10,066)
Advances-Out	(8,400)			(8,400)
	<u>(17,900)</u>	<u>18,466</u>	<u>(566)</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,393	(3,205)	(241)	(2,053)
Fund Cash Balances, January 1	<u>27,256</u>	<u>32,991</u>	<u>4,946</u>	<u>65,193</u>
Fund Cash Balances, December 31	<u>\$28,649</u>	<u>\$29,786</u>	<u>\$4,705</u>	<u>\$63,140</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$11,498</u>	<u>\$0</u>	<u>\$11,498</u>

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>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$14,449	\$65,064	\$15,918	\$95,431
Intergovernmental	18,574	82,163		100,737
Licenses, Permits, and Fees		4,975		4,975
Interest	3,271	896		4,167
Other Revenue	7,677	4,225		11,902
	<u>43,971</u>	<u>157,323</u>	<u>15,918</u>	<u>217,212</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	22,563			22,563
Public Safety		35,946		35,946
Public Works		88,553		88,553
Health		26,183		26,183
Debt Service:				
Redemption of Principal			17,416	17,416
Interest and Fiscal Charges			2,264	2,264
Capital Outlay	3,082	26,624		29,706
	<u>25,645</u>	<u>177,306</u>	<u>19,680</u>	<u>222,631</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>18,326</u>	<u>(19,983)</u>	<u>(3,762)</u>	<u>(5,419)</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes		12,600		12,600
Transfers-In		8,150	8,708	16,858
Advances-In	5,600	10,300		15,900
Transfers-Out	(16,858)			(16,858)
Advances-Out	(5,600)	(10,300)		(15,900)
Other Sources	489	11,403		11,892
Other Uses		(11,892)		(11,892)
	<u>(16,369)</u>	<u>20,261</u>	<u>8,708</u>	<u>12,600</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,957	278	4,946	7,181
Fund Cash Balances, January 1	<u>25,299</u>	<u>32,713</u>	<u>0</u>	<u>58,012</u>
Fund Cash Balances, December 31	<u>\$27,256</u>	<u>\$32,991</u>	<u>\$4,946</u>	<u>\$65,193</u>
Reserve for Encumbrances, December 31	<u>\$190</u>	<u>\$1,509</u>	<u>\$0</u>	<u>\$1,699</u>

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, Muskingum 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 contracts with the Frazeytsburg Volunteer Fire Department, Inc. to provide fire services and 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

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

3. Debt Service Funds

The debt service funds are used to accumulate resources for the payment of note indebtedness. The Township had the following significant Debt Service Funds:

Note Retirement (Truck) Fund - This fund receives property tax money for payment of note indebtedness for the purchase of a dump truck.

Note Retirement (Mower) Fund - This fund receives property tax money for payment of note indebtedness for the purchase of a brush mower.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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	\$7,114	\$4,393
STAR Ohio	<u>56,026</u>	<u>60,800</u>
Total deposits and investments	<u><u>\$63,140</u></u>	<u><u>\$65,193</u></u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

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, 1999 and 1998, follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$42,749	\$42,182	(\$567)
Special Revenue	227,096	168,909	(58,187)
Debt Service	<u>15,110</u>	<u>15,110</u>	<u>0</u>
Total	<u><u>\$284,955</u></u>	<u><u>\$226,201</u></u>	<u><u>(\$58,754)</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$58,870	\$40,789	\$18,081
Special Revenue	204,307	183,612	20,695
Debt Service	<u>15,920</u>	<u>15,351</u>	<u>569</u>
Total	<u><u>\$279,097</u></u>	<u><u>\$239,752</u></u>	<u><u>\$39,345</u></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	\$51,978	\$50,060	(\$1,918)
Special Revenue	217,556	199,776	(17,780)
Debt Service	24,636	24,626	(10)
Total	\$294,170	\$274,462	(\$19,708)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$56,679	\$48,293	\$8,386
Special Revenue	215,510	201,007	14,503
Debt Service	19,680	19,680	0
Total	\$291,869	\$268,980	\$22,889

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.

5. DEBT

Debt outstanding at December 31, 1999, was as follows:

	Principal	Interest Rate
General Obligation Notes - Truck	\$8,708	6.5%
General Obligation Notes - Mower	8,400	6.0%
Total	\$17,108	

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

5. DEBT (Continued)

The General Obligation Notes were for a dump truck and a brush mower which the Township purchased in 1996 and 1998, respectively. The original notes for the dump truck were issued for \$43,540, with annual principal payments due of \$8,708, plus interest, over 5 years. The original notes for the brush mower were issued for \$12,600, with annual principal payments due of \$4,200, plus interest, over 3 years.

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

Year ending December 31:	General Obligation Notes
2000	\$13,978
2001	<u>4,452</u>
Total	<u><u>\$18,430</u></u>

During 1998, the Township paid one extra principal payment of \$8,708 in addition to its regularly scheduled payment for the dump truck.

6. 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 1999 and 1998, PERS members 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.

7. RISK MANAGEMENT

The Township has obtained commercial insurance with the Ohio Government Risk Management Plan for the following risks:

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

The Township also provides health insurance to its full-time employee through a private carrier.

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743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

Jackson Township
Muskingum County
11895 Hamby Hill Road
Frazeyburg, Ohio 43822

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Muskingum County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 24, 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 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated May 24, 2000.

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, that we have reported to management of the Township in a separate letter dated May 24, 2000.

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

May 24, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

JACKSON TOWNSHIP

MUSKINGUM 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 10, 2000