

**JACKSON TOWNSHIP  
ASHLAND COUNTY, OHIO**

**FOR THE YEARS ENDED  
DECEMBER 31, 1999 AND 1998**

JACKSON TOWNSHIP  
ASHLAND COUNTY, OHIO

FOR THE YEARS ENDED  
DECEMBER 31, 1999 AND 1998

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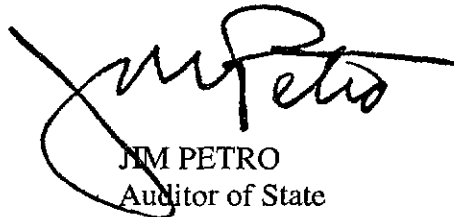
STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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Board of Trustees  
Jackson Township  
Ashland County, Ohio

We have reviewed the independent auditor's report of Jackson Township, Ashland County, prepared by Rea & Associates, Inc., Certified Public Accountants, for the audit period January 1, 1998 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Jackson Township is responsible for compliance with these laws and regulations.



JIM PETRO  
Auditor of State

July 3, 2000

June 9, 2000

Board of Trustees  
Jackson Township  
Ashland County, Ohio

### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Jackson Township, Ashland County, as of and for the years ended December 31, 1999 and 1998, as listed in the table of contents. These financial statements are the responsibility of the Jackson 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 the 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 described in Note 1, the Township prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Ohio, 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 cash balances of Jackson Township, Ashland County, as of December 31, 1999 and 1998, and the 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 a report dated June 9, 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 the officials authorized to receive this report under Section 117.26, Ohio Revised Code, and it is not intended to be and should not be used by anyone other than these specified parties.

*Rea & Associates, Inc.*

Columbus  
New Philadelphia  
Millersburg  
Coshocton  
Cambridge  
Marietta  
Medina  
Lima

**JACKSON TOWNSHIP  
ASHLAND COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>CASH RECEIPTS:</b>				
Taxes	\$ 23,980	\$ 36,955	\$ 0	\$ 60,935
Licenses, Permits, and Fees	12,635	1,025	0	13,660
Intergovernmental Receipts	46,350	50,600	0	96,950
Interest	152	304	2,758	3,214
All Other Revenue	452	4,760	0	5,212
Total Cash Receipts	83,569	93,644	2,758	179,971
<b>CASH DISBURSEMENTS:</b>				
General Government	56,772	0	0	56,772
Public Safety	300	0	0	300
Public Works	17,744	94,324	0	112,068
Health	2,499	1,797	0	4,296
Capital Outlay	2,546	1,381	0	3,927
Total Cash Disbursements	79,861	97,502	0	177,363
Total Receipts Over (Under) Disbursements	3,708	(3,858)	2,758	2,608
<b>OTHER FINANCING SOURCES (USES):</b>				
Other Financing Sources	996	0	0	996
Total Other Financing Sources (Uses)	996	0	0	996
Total of Receipts and Other Sources Over (Under) Disbursements and Other Financing Uses	4,704	(3,858)	2,758	3,604
Fund cash balances, beginning of year	253	13,802	40,000	54,055
Fund cash balances, end of year	\$ 4,957	\$ 9,944	\$ 42,758	\$ 57,659

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

**JACKSON TOWNSHIP  
ASHLAND COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>CASH RECEIPTS:</b>				
Taxes	\$ 20,620	\$ 53,203	\$ 0	\$ 73,823
Licenses, Permits, and Fees	15,550	1,950	0	17,500
Intergovernmental Receipts	44,552	51,569	0	96,121
Special Assessment	0	536	0	536
Interest	269	8,350	0	8,619
All Other Revenue	3,864	0	0	3,864
Total Cash Receipts	<u>84,855</u>	<u>115,608</u>	<u>0</u>	<u>200,463</u>
<b>CASH DISBURSEMENTS:</b>				
General Government	53,259	0	0	53,259
Public Works	9,144	122,615	0	131,759
Health	0	2,071	0	2,071
Human Services	2,117	0	0	2,117
Capital Outlay	286	985	0	1,271
Total Cash Disbursements	<u>64,806</u>	<u>125,671</u>	<u>0</u>	<u>190,477</u>
Total Receipts Over (Under) Disbursements	20,049	(10,063)	0	9,986
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers - In	0	0	40,000	40,000
Operating Transfers - Out	(40,000)	0	0	(40,000)
Other Financing Sources	61	0	0	61
Total Other Financing Sources (Uses)	<u>(39,939)</u>	<u>0</u>	<u>40,000</u>	<u>61</u>
Total of Receipts and Other Sources Over (Under) Disbursements and Other Financing Uses	(19,890)	(10,063)	40,000	10,047
Fund cash balances, beginning of year	20,143	23,865	0	44,008
Fund cash balances, end of year	<u>\$ 253</u>	<u>\$ 13,802</u>	<u>\$ 40,000</u>	<u>\$ 54,055</u>

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

**JACKSON TOWNSHIP  
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 1999 AND 1998**

**NOTE 1: Summary of Significant Accounting Policies**

**A. Description of the Entity**

The Township of Jackson, Ashland County, is a body politic and corporate 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 four member Board. The Township provides general governmental services, including road, bridge 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. 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:

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**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.

**Motor Vehicle License Tax Fund** - This fund receives state motor vehicle license tax money for the construction, repair, and maintenance of township roads and bridges.

**Gasoline Tax Fund** - This fund receives gasoline tax money for the construction, repair, and maintenance of township roads and bridges.

JACKSON TOWNSHIP  
ASHLAND COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 1999 AND 1998

**NOTE 1: Summary of Significant Accounting Policies (continued)**

**C. Fund Accounting (continued)**

**Road and Bridges Fund** - This fund receives real estate and personal property tax money for the construction, repair, and maintenance of township roads and bridges.

**Cemetery Fund** - This fund generates money through the selling of cemetery lots and donations from the general public. This money is disbursed for the maintenance and upkeep of township cemeteries.

**Capital Projects Fund**

These funds are used to account for financial resources to be used for the acquisition or construction of future major capital facilities (other than those financed by proprietary funds).

**D. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**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 Township 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.

The Township's Road and Bridge fund disbursements exceeded appropriations by \$11,002 for the year ended December 31, 1998. The Township's General fund, Motor Vehicle License Tax, and Road and Bridge funds exceeded disbursements by \$6,021, \$142, and \$3,200, respectively, for the year ended December 31, 1999.

**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.



JACKSON TOWNSHIP  
ASHLAND COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 1999 AND 1998

**NOTE 1: Summary of Significant Accounting Policies (continued)**

**D. Budgetary Process (continued)**

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are canceled and reappropriated 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 (capital outlays) when paid. These items are not reflected as assets in the accompanying financial statements.

**F. Unpaid Vacation and Sick Leave**

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

**NOTE 2: Equity in Pooled Cash**

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Deposits	\$ <u>57,659</u>	\$ <u>54,055</u>

**Deposits**

Deposits are covered by Federal Depository Insurance.

**JACKSON TOWNSHIP  
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 1999 AND 1998**

**NOTE 3: Budgetary Activity**

Budgetary activity for the years ended December 31, 1999 and 1998 was as follows:

	Budgeted vs. Actual Receipts					
	1999			1998		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 73,351	\$ 83,569	\$ 10,218	\$ 64,768	\$ 84,855	\$ 20,087
Special Revenue	87,451	93,644	6,193	100,750	115,608	14,858
Capital Projects	<u>0</u>	<u>2,758</u>	<u>2,758</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 160,802</u>	<u>\$ 179,971</u>	<u>\$ 19,169</u>	<u>\$ 165,518</u>	<u>\$ 200,463</u>	<u>\$ 34,945</u>

	Budgeted vs. Actual Expenditures					
	1999			1998		
	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 73,840	\$ 79,861	\$ (6,021)	\$ 84,816	\$ 64,806	\$ 20,010
Special Revenue	<u>101,218</u>	<u>97,502</u>	<u>3,716</u>	<u>124,565</u>	<u>125,671</u>	<u>(1,106)</u>
Total	<u>\$ 175,058</u>	<u>\$ 177,363</u>	<u>\$ (2,305)</u>	<u>\$ 209,381</u>	<u>\$ 190,477</u>	<u>\$ 18,904</u>

**NOTE 4: Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Jackson Township. 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 taxes 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  
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 1999 AND 1998**

**NOTE 5: Retirements Systems**

The Board of Trustees, Township Clerk and other employees of the Township 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 health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The Public Employee Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 4325-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

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.

**NOTE 6: Risk Management**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Automobile
- Public Officials Liability

June 9, 2000

The Board of Trustees  
Jackson Township  
Ashland County, Ohio

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of Jackson Township, Ashland County, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 9, 2000. We have conducted our audit in accordance with generally accepted auditing standards and 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 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 Jackson Township in a separate letter dated June 9, 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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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. Reportable conditions are described in the accompanying schedule of reportable findings as item 1999-1.

Columbus  
New Philadelphia  
Millersburg  
Coshocton  
Cambridge  
Marietta  
Medina  
Lima

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, of the reportable conditions described above, we consider item 1999-1 to be material weakness.

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

*Rea & Associates, Inc.*

JACKSON TOWNSHIP  
ASHLAND COUNTY, OHIO

SCHEDULE OF REPORTABLE FINDINGS  
FOR THE YEARS ENDED  
DECEMBER 31, 1999 AND 1998

1999-1

During the audit we noted a discrepancy between county tax amounts confirmed with Ashland County and amounts recorded by the clerk. Upon further investigation we determined a check for taxes was not deposited by the clerk. Per phone call to the Ashland County Auditor's office, the check had not cleared the bank as of June 9, 2000.

The clerk should be aware of the timing of routine tax payments from the Ashland County Auditor's office and investigate amounts not recorded or not received.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
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JACKSON TOWNSHIP

ASHLAND 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.

By: Susan Babbitt

Date: JULY 25, 2000