



**JACKSON TOWNSHIP  
NOBLE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997**



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

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**STATE OF OHIO**



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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Jackson Township  
Noble County  
15666 Township Road 10  
Dexter City, Ohio 45727

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Noble County, Ohio, (the Township) as of and for the years ended December 31, 1998 and December 31, 1997. 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 the Township as of December 31, 1998 and December 31, 1997, 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 December 3, 1999 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, 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

December 3, 1999



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

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$4,158	\$11,051	\$0	\$0	\$15,209
Intergovernmental	8,010	62,243	3,227		73,480
Earnings on Investments	972	303	0	21	1,296
Other Revenue	1,360	438			1,798
<b>Total Cash Receipts</b>	<u>14,500</u>	<u>74,035</u>	<u>3,227</u>	<u>21</u>	<u>91,783</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	10,931				10,931
Public Safety	1,301				1,301
Public Works		71,310			71,310
Health		2,321			2,321
Debt Service:					
Redemption of Principal			3,448		3,448
Interest and Fiscal Charges			1,166		1,166
<b>Total Cash Disbursements</b>	<u>12,232</u>	<u>73,631</u>	<u>4,614</u>	<u>0</u>	<u>90,477</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>2,268</u>	<u>404</u>	<u>(1,387)</u>	<u>21</u>	<u>1,306</u>
Fund Cash Balances, January 1	2,221	17,078	2,032	13,449	34,780
<b>Fund Cash Balances, December 31</b>	<u><u>\$4,489</u></u>	<u><u>\$17,482</u></u>	<u><u>\$645</u></u>	<u><u>\$13,470</u></u>	<u><u>\$36,086</u></u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$3,898	\$8,169	\$0	\$0	\$12,067
Intergovernmental	8,084	56,207	7,258		71,549
Earnings on Investments	641	192		19	852
Other Revenue	460	99			559
	<u>13,083</u>	<u>64,667</u>	<u>7,258</u>	<u>19</u>	<u>85,027</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	8,723				8,723
Public Safety	1,161				1,161
Public Works	0	52,362			52,362
Health	1,460				1,460
Debt Service:					
Redemption of Principal			4,230		4,230
Interest and Fiscal Charges			1,465		1,465
	<u>11,344</u>	<u>52,362</u>	<u>5,695</u>	<u>0</u>	<u>69,401</u>
Total Receipts Over/(Under) Disbursements	<u>1,739</u>	<u>12,305</u>	<u>1,563</u>	<u>19</u>	<u>15,626</u>
Fund Cash Balances, January 1	482	4,773	469	13,430	19,154
<b>Fund Cash Balances, December 31</b>	<b><u>2,221</u></b>	<b><u>17,078</u></b>	<b><u>2,032</u></b>	<b><u>13,449</u></b>	<b><u>34,780</u></b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Jackson Township, Noble 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, cemetery maintenance and fire protection.

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 that is 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 for constructing, maintaining and repairing Township roads.

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for maintaining and repairing Township roads.

**3. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of note indebtedness. The Township had the following significant Debt Service Fund:

General Note Retirement Fund - This fund receives gasoline tax money to pay principal and interest on the outstanding note debt.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**  
**(Continued)**

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

**C. Fund Accounting (Continued)**

**4. Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements.

**D. Budgetary Process**

The Ohio Revised Code requires that each fund 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 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.

**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.

**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 reappropriated in the subsequent year.

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

A summary of 1998 and 1997 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.

**2. EQUITY IN POOLED CASH**

The Township maintains a cash 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>1998</u>	<u>1997</u>
Demand Deposits	<u>\$36,086</u>	<u>\$34,780</u>

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997  
(Continued)**

**2. EQUITY IN POOLED CASH** (Continued)

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1998 and December 31, 1997 follows:

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$10,285	\$14,500	\$4,215
Special Revenue	68,637	74,035	5,398
Debt Service	3,872	3,227	(645)
Fiduciary	<u>22</u>	<u>21</u>	<u>(1)</u>
Total	<u>\$82,816</u>	<u>\$91,783</u>	<u>\$8,967</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$12,507	\$12,232	\$275
Special Revenue	84,611	73,631	10,980
Debt Service	<u>5,905</u>	<u>4,614</u>	<u>1,291</u>
Total	<u>\$103,023</u>	<u>\$90,477</u>	<u>\$12,546</u>

1997 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$12,552	\$13,083	\$531
Special Revenue	62,763	64,667	1,904
Debt Service	6,005	7,258	1,253
Fiduciary	<u>500</u>	<u>19</u>	<u>(481)</u>
Total	<u>\$81,820</u>	<u>\$85,027</u>	<u>\$3,207</u>

1997 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$11,272	\$11,344	(\$72)
Special Revenue	66,142	52,362	13,780
Debt Service	<u>6,474</u>	<u>5,695</u>	<u>779</u>
Total	<u>\$83,888</u>	<u>\$69,401</u>	<u>\$14,487</u>

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

The Township made disbursements during 1998 and 1997 without first obtaining the prior certification from the Clerk contrary to Ohio Revised Code Section 5705.41(D).

**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.

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, 1998 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	<u>\$15,182</u>	6.5%

The general obligation notes were issued to finance the purchase of a road grader to be used for Township road maintenance. The road grader was pledged as collateral.

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

<u>Year Ending December 31</u>	<u>General Obligation Notes</u>
1999	\$2,898
2000	3,483
2001	3,355
2002	3,182
2003	3,009
2004	<u>2,834</u>
Total	<u>\$18,761</u>

**6. RETIREMENT SYSTEMS**

Township employees and officials 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 1998 and 1997, 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, 1998.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**  
**(Continued)**

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- General liability and casualty
- Public officials' liability
- Vehicles
- Property

The Township also provides health and life insurance coverage to elected officials through a private carrier.

**8. YEAR 2000 ISSUE**

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Township's operations as early as fiscal year 1999.

The Township has completed an inventory of computer systems and other electronic that may be affected by the Year 2000 issue and are necessary to conducting Township operations:

The Township leases the Auditor of State's Uniform Accounting Network (UAN) system for its financial operations. The Auditor of State is responsible for remediating these systems and is solely responsible for any costs associated with this project. As of December 31, 1998, the Auditor of State was validating and testing the UAN system. The Auditor of State released a validated and tested version of UAN in 1999. The Township must install the update release prior to the end of 1999 to help assure the continued proper processing of UAN transactions.

Noble County collects property taxes for distribution to the Township. Noble County is responsible for remediating its tax collection system.

The State of Ohio distributes a substantial sum of money to the Township in the form of gasoline tax and motor vehicle license tax payments. The State is responsible for remediating these systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Township is or will be Year 2000 ready, that the Township's remediation efforts will be successful in whole or in part, or that parties with whom the Township does business will be Year 2000 ready.

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OFFICE OF THE AUDITOR

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

Jackson Township  
Noble County  
15666 Township Road 10  
Dexter City, Ohio 45727

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Noble County, Ohio, (the Township) as of and for the years ended December 31, 1998 and December 31, 1997, and have issued our report thereon dated December 3, 1999. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1998-41061-001 and 1998-41061-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated December 3, 1999.

**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 December 3, 1999.

This report is intended for the information and use of management and 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", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

December 3, 1999

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1998 AND 1997**

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

**FINDING NUMBER 1998-41061-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D)(1) states that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation or, in the case of a continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made, has been lawfully appropriated for such purpose and is in the treasury or is in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every such contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon. Further, contracts and orders for expenditure lacking prior certification shall be null and void.

This section provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt by the taxing authority of the subdivision or taxing unit of a certificate of the fiscal officer stating that there was at the time of the making of such contract or order and at the time of execution of such certificate a sufficient sum appropriated for the purchase of such contract and in the treasury or process of collection to the credit of an appropriate fund free from any previous encumbrances, such taxing authority may authorize the drawing of a warrant in payment of amounts due upon such contract, but such resolution or ordinance shall be passed within thirty days from the receipt of such certificate.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees, if such expenditure is otherwise valid.

Effective 7/22/98 a subdivision may, under Ohio Rev. Code Section 5705.41(D)(3), after receiving certification from the fiscal officer that money has been lawfully appropriated, provide a certification for expenditures in excess of five thousand dollars for the following purposes: services of an accountant, architect, attorney at law, physician, professional engineer, construction manager, consultant, surveyor, or appraiser by or on behalf of the subdivision or contracting authority; fuel oil, gasoline, food items, roadway materials, and utilities; and any purchases exempt from competitive bidding under Section 125.04 of the Revised Code and any other specific expenditure that is a recurring and reasonably predictable operating expense. This certification can be for more than three months but shall not extend beyond the fiscal year.

The Township did not obtain the clerk's prior certification for 26% of the transactions we reviewed. As a result, the Township made purchases without first obtaining a prior certification from the Clerk that money had been lawfully appropriated within the fund and line account being used to make the purchase.

We recommend that the Township obtain the clerk's prior certification that money has been lawfully appropriated before making any disbursements.





STATE OF OHIO  
OFFICE OF THE AUDITOR

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**JACKSON TOWNSHIP**

**NOBLE 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  
JANUARY 18, 2000**