



**JACKSON TOWNSHIP
CRAWFORD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 1999	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 1998	5
Notes to the Financial Statements	6
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13

This Page Intentionally Left Blank



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Jackson Township
Crawford County
1836 SR 61
Crestline, Ohio 44827

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 1999, and December 31, 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 described 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, Crawford County, Ohio, as of December 31, 1999, and December 31, 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 March 3, 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 Section 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

March 3, 2000

**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>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>(Memorandum Only) Total</u>
Cash receipts:				
Taxes	\$26,407	\$3,727	\$0	\$30,134
Licenses, permits and fees	150	0	0	150
Intergovernmental receipts	26,186	54,610	0	80,796
Interest	1,014	1,323	15	2,352
Total cash receipts	<u>53,757</u>	<u>59,660</u>	<u>15</u>	<u>113,432</u>
Cash disbursements:				
Current:				
General government	22,521	0	0	22,521
Public safety	10,850	0	0	10,850
Public works	0	54,101	0	54,101
Health	8,443	0	0	8,443
Debt Service:				
Note Principal Payment	0	0	9,040	9,040
Interest and Fiscal Charges	0	0	1,563	1,563
Capital outlay	0	34	0	34
Total cash disbursements	<u>41,814</u>	<u>54,135</u>	<u>10,603</u>	<u>106,552</u>
Total cash receipts over/(under) cash disbursements	<u>11,943</u>	<u>5,525</u>	<u>(10,588)</u>	<u>6,880</u>
Other financing receipts/(disbursements):				
Transfers-in	0	0	9,750	9,750
Transfers-out	(9,750)	0	0	(9,750)
Other financing sources	80	0	0	80
Total other financing receipts/(disbursements)	<u>(9,670)</u>	<u>0</u>	<u>9,750</u>	<u>80</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	<u>2,273</u>	<u>5,525</u>	<u>(838)</u>	<u>6,960</u>
Fund cash balances, January 1, 1999	<u>29,692</u>	<u>55,593</u>	<u>1,974</u>	<u>87,259</u>
Fund cash balances, December 31, 1999	<u><u>\$31,965</u></u>	<u><u>\$61,118</u></u>	<u><u>\$1,136</u></u>	<u><u>\$94,219</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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>(Memorandum Only) Total</u>
Cash receipts:				
Taxes	\$20,687	\$3,788	\$6,973	\$31,448
Licenses, permits and fees	250	0	0	250
Intergovernmental receipts	30,524	52,799	0	83,323
Interest	1,090	957	0	2,047
Total cash receipts	52,551	57,544	6,973	117,068
Cash disbursements:				
Current:				
General government	29,686	0	0	29,686
Public safety	10,550	0	0	10,550
Public works	0	46,368	0	46,368
Health	7,729	0	0	7,729
Debt Service:				
Note Principal Payment	0	0	8,540	8,540
Interest and Fiscal Charges	0	0	2,032	2,032
Capital outlay	0	670	0	670
Total cash disbursements	47,965	47,038	10,572	105,575
Total cash receipts over/(under) cash disbursements	4,586	10,506	(3,599)	11,493
Other financing receipts/(disbursements):				
Transfers-in	0	0	5,540	5,540
Transfers-out	(5,540)	0	0	(5,540)
Other financing sources	1,318	0	0	1,318
Total other financing receipts/(disbursements)	(4,222)	0	5,540	1,318
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	364	10,506	1,941	12,811
Fund cash balances, January 1, 1998	29,328	45,087	33	74,448
Fund cash balances, December 31, 1998	\$29,692	\$55,593	\$1,974	\$87,259

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jackson Township, Crawford 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. The Township contracts with the Village of Crestline to provide fire and 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

The Township maintains its cash in a depository account.

D. 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:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Motor Vehicle License and Gasoline Tax Funds - These funds receive motor vehicle license tax and gasoline tax money to pay for constructing, maintaining and repairing Township roads.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

The Township established a debt service fund in 1997 to accumulate resources for the payment of a note for the purchase of a dump truck.

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. 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. 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.

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.

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 at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Deposits	<u>\$94,219</u>	<u>\$87,259</u>

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999, and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,842	\$53,837	\$6,995
Special Revenue	57,520	59,660	2,140
Debt Service	8,807	9,765	958
Total	<u>\$113,169</u>	<u>\$123,262</u>	<u>\$10,093</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$76,535	\$51,564	\$24,971
Special Revenue	113,112	54,135	58,977
Debt Service	10,780	10,603	177
Total	<u>\$200,427</u>	<u>\$116,302</u>	<u>\$84,125</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$48,166	\$53,869	\$5,703
Special Revenue	51,600	57,544	5,944
Debt Service	5,540	12,513	6,973
Total	<u>\$105,306</u>	<u>\$123,926</u>	<u>\$18,620</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$72,494	\$53,505	\$18,989
Special Revenue	96,685	47,038	49,647
Debt Service	10,572	10,572	0
Total	<u>\$179,751</u>	<u>\$111,115</u>	<u>\$68,636</u>

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

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 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 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 principal outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Note	\$22,600	5.5%

The general obligation note was issued in 1997 to finance the purchase of a new dump truck. Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Note
2000	10,159
2001	9,662
2002	4,644
Total	\$24,465

6. RETIREMENT SYSTEM

The Township's 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 post-retirement 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.

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

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Wrongful acts

8. COMPLIANCE

The Clerk did not always certify that funds were available prior to the purchase of goods or services.

The Township did not require the contractors to pay prevailing wages for the 1998 and 1999 Township road projects.

This Page Intentionally Left Blank



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

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

Jackson Township
Crawford County
1836 SR 61
Crestline, Ohio 44827

To the Board of Trustees:

We have audited the financial statements of Jackson Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 1999, and December 31, 1998, and have issued our report thereon dated March 3, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-40517-001 and 1999-40517-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 3, 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 March 3, 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.

JIM PETRO
Auditor of State

March 3, 2000

SCHEDULE OF FINDINGS

DECEMBER 31, 1999 AND 1998

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

1999-40517-001	
-----------------------	--

Prevailing Wages

Ohio Rev. Code Sections 4115.04 and 4115.05 essentially require an entity to obtain the prevailing wages in their area for the types of labor required to complete the project that they are going to bid before such project is bid and again when the contract is awarded, if the award is made more than 90 days after the original prevailing wage is determined. They then need to make sure that the contractors who are awarded the contracts agree, in the contract, to pay the prevailing wage.

The Township did not require the contractors to agree in the contract to pay prevailing wages for the 1998 and 1999 Township road projects.

We recommend the Township require contractors to agree, in writing, to pay prevailing wages for all contracts involving labor.

1999-40517-002	
-----------------------	--

Certification by Fiscal Officer

Ohio Rev. Code Section 5705.41(D) 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 has been lawfully appropriated for such purpose and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances. If no certificate is furnished as required, upon receipt by the taxing authority 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 the execution of such certificate a sufficient sum appropriated for the purpose of such contract and in the treasury or in the 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; provided that if the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without such affirmation of the taxing authority.

The Clerk did not certify that funds were available prior to the purchase of goods or services in 20% of the transactions tested. Then and now certificates were used in two of these exceptions; however, the expenditures exceeded one-thousand dollars and the required legislative body approval was not obtained.

We recommend the Clerk certify all expenditures prior to the purchase of goods or services. We also recommend that the Township obtain approval from the legislative body to authorize all 'then and now' certificates which exceed one thousand dollars.



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

CRAWFORD 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
APRIL 18, 2000**