



**JACKSON TOWNSHIP
PIKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

JACKSON TOWNSHIP
PIKE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Jackson Township
Pike County
17085 State Route 335
Beaver, Ohio 45613

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Pike County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Jackson Township, Pike County, as of December 31, 2000 and 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 June 28, 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 audit.

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.

Jim Petro
Auditor of State

June 28, 2001

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**JACKSON TOWNSHIP
PIKE 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**

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
Cash Receipts:			
Local Taxes	\$ 9,875	\$ 28,157	\$ 38,032
Intergovernmental	37,807	60,985	98,792
Earnings on Investments	385	764	1,149
Other Revenue	8	288	296
 Total Cash Receipts	 48,075	 90,194	 138,269
 Cash Disbursements:			
Current:			
General Government	22,115		22,115
Public Safety		20,051	20,051
Public Works		73,954	73,954
Health	190	10,954	11,144
Capital Outlay		13,744	13,744
 Total Cash Disbursements	 22,305	 118,703	 141,008
 Total Cash Receipts Over/(Under) Cash Disbursements	 25,770	 (28,509)	 (2,739)
 Other Financing Receipts/(Disbursements):			
Other Sources	985	2,800	3,785
 Total Other Financing Receipts/(Disbursements)	 985	 2,800	 3,785
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 26,755	 (25,709)	 1,046
 Fund Cash Balances, January 1	 5,394	 115,683	 121,077
 Fund Cash Balances, December 31	 \$ 32,149	 \$ 89,974	 \$ 122,123

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

**JACKSON TOWNSHIP
PIKE 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**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$ 9,280	\$ 28,645	\$ 37,925
Intergovernmental	19,676	82,210	101,886
Earnings on Investments	475	950	1,425
All Other Revenue	1	10,367	10,368
 Total Cash Receipts	<u>29,432</u>	<u>122,172</u>	<u>151,604</u>
 Cash Disbursements:			
Current:			
General Government	35,189		35,189
Public Safety		9,796	9,796
Public Works		75,215	75,215
Health	188	9,862	10,050
Debt Service:			
Redemption of Principal	2,500	7,500	10,000
Interest and Fiscal Charges	513	800	1,313
Capital Outlay		12,452	12,452
 Total Cash Disbursements	<u>38,390</u>	<u>115,625</u>	<u>154,015</u>
 Total Cash Receipts Over/(Under) Cash Disbursements	<u>(8,958)</u>	<u>6,547</u>	<u>(2,411)</u>
 Other Financing Receipts/(Disbursements):			
Transfers-In		20,393	20,393
Other Sources		6,052	6,052
Transfers-Out		(20,393)	(20,393)
 Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>6,052</u>	<u>6,052</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(8,958)</u>	<u>12,599</u>	<u>3,641</u>
 Fund Cash Balances, January 1	<u>14,352</u>	<u>103,084</u>	<u>117,436</u>
 Fund Cash Balances, December 31	<u>\$ 5,394</u>	<u>\$ 115,683</u>	<u>\$ 121,077</u>

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

**JACKSON TOWNSHIP
PIKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jackson Township, Pike 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 and a publicly-elected Clerk. 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.

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:

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 Fund:

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

**JACKSON TOWNSHIP
PIKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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 and function 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 cancelled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio Law.

A summary of 2000 and 1999 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 at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand Deposits	<u>\$122,123</u>	<u>\$121,077</u>

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

**JACKSON TOWNSHIP
PIKE COUNTY**

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

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 36,700	\$ 49,060	\$ 12,360
Special Revenue	<u>146,818</u>	<u>92,994</u>	<u>(53,824)</u>
Total	<u>\$ 183,518</u>	<u>\$ 142,054</u>	<u>\$ (41,464)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 42,094	\$ 22,305	\$ 19,789
Special Revenue	<u>262,500</u>	<u>118,703</u>	<u>143,797</u>
Total	<u>\$ 304,594</u>	<u>\$ 141,008</u>	<u>\$ 163,586</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 33,387	\$ 29,432	\$ (3,955)
Special Revenue	<u>134,098</u>	<u>148,617</u>	<u>14,519</u>
Total	<u>\$ 167,485</u>	<u>\$ 178,049</u>	<u>\$ 10,564</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 47,739	\$ 38,390	\$ 9,349
Special Revenue	<u>237,160</u>	<u>136,018</u>	<u>101,142</u>
Total	<u>\$ 284,899</u>	<u>\$ 174,408</u>	<u>\$ 110,491</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
PIKE COUNTY**

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

4. PROPERTY TAX (Continued)

Public utilities are also taxed on personal and real property located in 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, 2000, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Dump Truck and Fencing Note	\$ 5,000	6.75%
Total	<u>\$ 5,000</u>	

The note was for the purchase of a dump truck and the construction of a fence around the Township hall. The original note was for \$15,000. The note is collateralized by the truck and fence.

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

<u>Year ending December 31:</u>	<u>Dump Truck and Fencing Note</u>
2001	<u>\$5,338</u>
Total	<u>\$5,338</u>

6. RETIREMENT SYSTEM

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The 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, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. Effective July 1, 2000 the employers' contribution rate decreased to 8.13% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

7. SOCIAL SECURITY SYSTEM

All employees and elected officials, not otherwise covered by the Public Employees Retirement System of Ohio (PERS), are covered by Social Security. The Township's liability is 6.2% of wages paid.

**JACKSON TOWNSHIP
PIKE COUNTY**

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

8. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

The Township also provides health insurance coverage to full-time employees and elected officials through a private carrier.

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

Jackson Township
Pike County
17085 State Route 335
Beaver, Ohio 45613

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Pike County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 28, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-40766-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 28, 2001.

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 June 28, 2001.

Jackson Township
Pike County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

June 28, 2001

**JACKSON TOWNSHIP
PIKE COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-40766-001

Ohio Rev. Code §5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars (\$1,000), the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

All liabilities, contracts, and open purchase commitments greater than \$1,000 were not certified by the Clerk and were not encumbered until the time of payment. These commitments were not subsequently approved by the Board of Trustees within the aforementioned 30 day time period.

We recommend the Township obtain certification of the availability of funds from the Clerk prior to incurring any obligations.



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OFFICE OF THE AUDITOR

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JACKSON TOWNSHIP

PIKE 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 9, 2001**