



**Auditor of State
Betty Montgomery**

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Jackson Township
Franklin County
3756 Hoover Road
Grove City, Ohio 43123-9117

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Franklin County, Ohio (the Township) as of and for the years ended December 31, 2002 and December 31, 2001. 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 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 and reserves for encumbrances of the Township as of December 31, 2002 and December 31, 2001, 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 February 6, 2003 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.

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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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

February 6, 2003

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES**

**ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$ 491,914	\$ 7,970,137	\$ 8,462,051
Licenses, Permits, and Fees	202,975	6,160	209,135
Intergovernmental	228,341	944,138	1,172,479
Earnings on Investments	61,830	3,631	65,461
Miscellaneous	220,650	56,221	276,871
	<hr/>		
Total Cash Receipts	1,205,710	8,980,287	10,185,997
	<hr/>		
Cash Disbursements:			
Current:			
General Government	743,196	-	743,196
Public Safety	115,594	7,628,760	7,744,354
Public Works	138,773	365,548	504,321
Health	1,276	-	1,276
Capital Outlay	197,385	478,334	675,719
	<hr/>		
Total Cash Disbursements	1,196,224	8,472,642	9,668,866
	<hr/>		
Total Receipts Over/(Under) Disbursements	9,486	507,645	517,131
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Other Financing Receipts/(Disbursements):			
Advances-Out	(4,000)	-	(4,000)
	<hr/>		
Total Other Financing Receipts/(Disbursements)	(4,000)	-	(4,000)
	<hr/>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	5,486	507,645	513,131
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Fund Cash Balance, January 1	1,923,197	1,289,367	3,212,564
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Fund Cash Balance, December 31	\$ 1,932,683	\$ 1,797,012	\$ 3,729,695
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Reserve for Encumbrances, December 31	\$ 52,740	\$ 187,297	\$ 240,037
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The notes to the financial statements are an integral part of this statement

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGE IN FUND CASH
BALANCE**

**PROPRIETARY AND FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Internal Service	Agency	(Memorandum Only)
Operating Cash Receipts:			
Charges for Services	\$ 790,899	\$ -	\$ 790,899
Total Operating Cash Receipts	790,899	-	790,899
Operating Cash Disbursements:			
Current:			
Employee Fringe Benefits	844,992	-	844,992
Total Operating Cash Disbursements	844,992	-	844,992
Operating (Loss)	(54,093)	-	(54,093)
Non-Operating Receipts			
Earnings on Investments	4,561	-	4,561
Other Non-Operating Receipts	-	13,148	13,148
Total Non-Operating Receipts	4,561	13,148	17,709
Non-Operating Disbursements			
Other Non-Operating Disbursements	-	10,118	10,118
Total Non-Operating Disbursements	-	10,118	10,118
Excess of Receipts over (under) Disbursements before advances	(49,532)	3,030	(46,502)
Advances-In	-	4,000	4,000
Net receipts over/(under) disbursements	(49,532)	7,030	(42,502)
Fund Cash Balance, January 1	340,630	-	340,630
Fund Cash Balance, December 31	\$ 291,098	\$ 7,030	\$ 298,128
Reserve for Encumbrances, December 31	\$ 45,421	\$ -	\$ 45,421

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

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES**

**ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			Totals
	General	Special Revenue	Debt Service	(Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$ 457,976	\$ 7,016,653	\$ 443,292	\$ 7,917,921
Licenses, Permits, and Fees	237,872	7,265	-	245,137
Intergovernmental	256,161	738,517	-	994,678
Earnings on Investments	180,995	10,510	-	191,505
Miscellaneous	138,111	118,058	-	256,169
Total Cash Receipts	1,271,115	7,891,003	443,292	9,605,410
Cash Disbursements:				
Current:				
General Government	648,944	-	-	648,944
Public Safety	-	7,494,632	-	7,494,632
Public Works	180,153	395,639	-	575,792
Capital Outlay	371,491	519,766	-	891,257
Debt Service:				
Redemption of Principal	-	-	424,000	424,000
Interest and Other Fiscal Charges	-	-	19,292	19,292
Total Cash Disbursements	1,200,588	8,410,037	443,292	10,053,917
Total Receipts Over/(Under) Disbursements	70,527	(519,034)	-	(448,507)
Fund Cash Balance, January 1	1,852,670	1,808,401	-	3,661,071
Fund Cash Balance, December 31	\$ 1,923,197	\$ 1,289,367	\$ -	\$ 3,212,564
Reserve for Encumbrances, December 31	\$ 78,956	\$ 278,174	\$ -	\$ 357,130

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

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGE IN FUND CASH
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>
	<u>Internal Service</u>
Operating Cash Receipts:	
Charges for Services	<u>\$ 894,414</u>
Total Operating Cash Receipts	<u>894,414</u>
Operating Cash Disbursements:	
Current:	
Employee Fringe Benefits	<u>699,258</u>
Total Operating Cash Disbursements	<u>699,258</u>
Operating Income	<u>195,156</u>
Non-Operating Receipts/Disbursements	
Earnings on Investments	<u>3,231</u>
Total Non-Operating Receipts/Disbursements	<u>3,231</u>
Net Receipts over/(under) Disbursements	198,387
Fund Cash Balance, January 1	<u>142,243</u>
Fund Cash Balance, December 31	<u><u>\$ 340,630</u></u>
Reserve for Encumbrances, December 31	<u><u>\$ 50,413</u></u>

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

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jackson Township, Franklin 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 maintenance, fire protection, and emergency medical 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

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 and disbursements, respectively.

Certificates of deposit and repurchase agreements are valued at cost.

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 Fund:

Fire District Fund - This fund receives property tax revenue and other intergovernmental revenue for maintaining and operating the Township fire department.

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township Debt Service Fund was used to accumulate resources for the payment of note indebtedness for the Township Fire Station built in 1993.

4. Proprietary Fund

This fund is used to account for a government's business-type activities. The Township had the following significant Proprietary Fund:

The Internal Service Fund – This fund receives monies from other funds to pay for health, vision, and life insurance benefits.

5. Fiduciary Fund

This fund is used to account for resources for which the Township is acting in an agency capacity. The Township had the following significant agency fund:

The Agency Fund accounts for the activities of the Township's Internal Revenue Code Section 125 Flexible Spending Account.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 2002 and 2001 budgetary activity appears in Note 3.

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

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:

	2002	2001
Demand deposits	\$347,128	\$351,065
Certificates of deposit	0	1,000,000
Total deposits	347,128	1,351,065
Repurchase agreement	3,680,695	2,202,129
Total investments	3,680,695	2,202,129
Total deposits and investments	\$4,027,823	\$3,553,194

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and December 31, 2001 are as follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,140,134	\$1,205,710	\$65,576
Special Revenue	9,030,541	8,980,287	(50,254)
Proprietary	600,000	795,460	195,460
Total	\$10,770,675	\$10,981,457	\$210,782

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,079,331	\$1,248,964	\$1,830,367
Special Revenue	10,321,191	8,659,939	1,661,252
Proprietary	940,629	890,413	50,216
Total	<u>\$14,341,151</u>	<u>\$10,799,316</u>	<u>\$3,541,835</u>

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,125,483	\$1,271,115	\$145,632
Special Revenue	7,486,120	7,891,003	404,883
Debt Service	443,292	443,292	0
Proprietary	658,000	897,645	239,645
Total	<u>\$9,712,895</u>	<u>\$10,503,055</u>	<u>\$790,160</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,978,152	\$1,279,544	\$1,698,608
Special Revenue	9,295,539	8,688,211	607,328
Debt Service	443,292	443,292	0
Proprietary	788,000	749,671	38,329
Total	<u>\$13,504,983</u>	<u>\$11,160,718</u>	<u>\$2,344,265</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.

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.

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide 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 2002 and 2001, The Township paid the employee (10%) and employer portion (24.84%) of OP&F retirement contributions. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Public official's liability; and
- Errors and omissions.

The Township provides health, vision, and life insurance to its employees through a benefits management agreement by and between the Township and Medical Benefits Administrators, Inc., a third party Administrator (TPA), a subsidiary of Medical Benefits Mutual Life Insurance, Co., dated May 1, 1998. The agreement is renewed annually. The plan is funded by employee payroll deductions and Township contributions. The total plan contributions, employee and employer portions, are determined on "expected claims". Actual claims are processed and deducted from the Township contributions to date. Any remaining contribution balance within the account is considered "reserves" which are planned for claims yet unreported, but expected. All contributions are deposited to a money market account. Claims over \$20,000 per occurrence are covered through a stop-loss company hired by the TPA.

The money market account with a reserve balance, governed by Medical Benefits Administrators, Inc., MedCheck Service Agreement balance totaled \$291,098 at December 31, 2002 and \$340,630 at December 31, 2001. Participant claims are paid from another checking account by the plan administrator. All financial activity of the self-funding insurance plan is recorded in the Internal Service fund of the Township.

The Township also provides dental coverage to full-time employees through a private carrier.

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Auditor of State Betty Montgomery

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

Jackson Township
Franklin County
3756 Hoover Road
Grove City, Ohio 43123-9117

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Franklin County, Ohio (the Township) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated February 6, 2003. 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 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 the Township in a separate letter dated February 6, 2003.

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 February 6, 2003.

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

This report is intended solely 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

February 6, 2003



**Auditor of State
Betty Montgomery**

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JACKSON TOWNSHIP

FRANKLIN 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
MAY 20, 2003**