

**JACKSON TOWNSHIP
RICHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

Long, Cook & Samsa, Inc.
CERTIFIED PUBLIC ACCOUNTANTS



Mary Taylor, CPA

Auditor of State

Board of Trustees
Jackson Township
47 East Main Street
Shelby, Ohio 44875

We have reviewed the *Independent Auditors' Report* of Jackson Township, Richland County, prepared by Long, Cook & Samsa, Inc., for the audit period January 1, 1003 through December 31, 2004. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Finding for Recovery

Internal Revenue Service (IRS) Publication 560 states that, "you can set up a SIMPLE IRA plan if you do not maintain another qualified plan unless the other plan is for collective bargaining employees."

Jackson Township elected officials and employees are members of the Ohio Public Employees Retirement System (OPERS) which is a qualified plan. Therefore, the Township does not qualify to offer a SIMPLE IRA plan to its elected officials and employees. However, in 1998, the Township established such a plan contrary to the aforementioned federal prohibition.

As such, the current value of all SIMPLE PLAN IRA accounts of the Township's elected officials and employees must be liquidated in the manner noted in the chart below. Employer match contributions for elected officials in excess of annual compensation due per the Ohio Revised Code (R.C.) must be repaid and are due in favor of the general fund of the Township per R.C. 117.28. The remaining account balances are due in favor of the individual who owns the account. When determining amounts due, underpayments were taken into consideration.

Board of Trustees

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In accordance with the foregoing facts, a Finding for Recovery for public monies illegally expended is hereby issued against DWS Scudder Investments Services Company, as administrator of the Jackson Township SIMPLE IRA plan, in the current amount of all account balances, and in favor of Jackson Township and the individual owners of the accounts as noted below.

Individual	Amount due to Township	Amount due to Individual
Larry Diebley	\$2,130	Current value less \$2,130
Rudy Korbas	2,180	Current value less 2,180
Dean Myers	1,184	Current value less 1,184
Charles Kilgore	3,162	Current value less 3,162
David Bisel	0	Current value
Craig Stover	0	Current value

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.



Mary Taylor, CPA
Auditor of State

May 30, 2007

JACKSON TOWNSHIP
RICHLAND COUNTY

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INDEPENDENT AUDITORS' REPORT

Jackson Township
Richland County
47 East Main Street
Shelby, Ohio 44875

To the Board of Trustees:

We have audited the accompanying financial statements of the Jackson Township, Richland County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003. 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 the comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting the entity wide statements and also presenting its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or its changes in financial position for the year then ended.

Also, 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 Jackson Township, Richland County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part, of the financial statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2007, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Long, Cook & Samsa, Inc.
May 17, 2007

**JACKSON TOWNSHIP
RICHLAND COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Local Taxes	\$ 12,780	\$ 212,685	\$	\$ 225,465
Intergovernmental	32,895	93,074		125,969
Licenses Permits, and Fees	1,585			1,585
Earnings on Investments	6,680	485		7,165
Other	1,852	27,243		29,095
Total Cash Receipts	55,792	333,487		389,279
Cash Disbursements:				
Current:				
General Government	94,713	76,957		171,670
Public Safety		44,181		44,181
Public Works		133,749		133,749
Health		986		986
Total Cash Disbursements	94,713	255,873		350,586
Total Receipts (Under) Over Disbursements	(38,921)	77,614		38,693
Fund Cash Balances, January 1	341,116	158,043	1,330	500,489
Fund Cash Balances, December 31	\$ 302,195	\$ 235,657	\$ 1,330	\$ 539,182
Reserve for Encumbrances, December 31	\$	\$	\$	\$

**JACKSON TOWNSHIP
RICHLAND COUNTY**

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, 2003

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Non-Expendable Trust	
Cash Receipts:					
Local Taxes	\$ 12,407	\$ 208,472	\$	\$	\$ 220,879
Intergovernmental	52,554	80,422			132,976
Charges for Services		3,536			3,536
Licenses Permits, and Fees	1,322				1,322
Earnings on Investments	8,369	496		317	9,182
Other	<u>5,026</u>	<u>8,260</u>		<u>1,650</u>	<u>14,936</u>
Total Cash Receipts	79,678	301,186		1,967	382,831
Cash Disbursements:					
Current:					
General Government	103,846				103,846
Public Safety		64,693			64,693
Public Works		202,782			202,782
Health		1,287		530	1,817
Capital Outlay	<u>10,885</u>	<u>67,483</u>			<u>78,368</u>
Total Cash Disbursements	<u>114,731</u>	<u>336,245</u>		<u>530</u>	<u>451,506</u>
Total Receipts (Under) Disbursements	(35,053)	(35,059)		1,437	(68,675)
Other Financing Receipts and (Disbursements)					
Sale of Assets		14,450			14,450
Transfers-In		20,645			20,645
Transfers-out				<u>(20,645)</u>	<u>(20,645)</u>
Total Other Financing Receipts		<u>35,095</u>		<u>(20,645)</u>	<u>14,450</u>
Deficiency of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(35,053)	36		(19,208)	(54,225)
Fund Cash Balances, January 1	<u>376,169</u>	<u>158,007</u>	<u>1,330</u>	<u>19,208</u>	<u>554,714</u>
Fund Cash Balances, December 31	<u>\$ 341,116</u>	<u>\$ 158,043</u>	<u>\$ 1,330</u>	<u>\$</u>	<u>\$ 500,489</u>
Reserve for Encumbrances, December 31	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

JACKSON TOWNSHIP
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jackson Township, Richland 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 road, and bridge maintenance and cemetery maintenance. The Township contracts with the City of Shelby and Medic Response Ambulance Service, Inc. to provide fire and ambulance services, respectively.

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 included in the cash fund balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

Certificates of deposit are valued at cost and the investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 capital projects) that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Funds:

JACKSON TOWNSHIP
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

Permissive Tax Fund - This fund is used to account for County sales tax revenues received and used to pay for road resurfacing.

3. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township has the following Capital Projects fund which reported no activity during the audit period:

Public Works Fund - This fund is used to account for money received from the Mansfield-Richland County Solid Waste Management Authority for allowing the Authority to place recycling dumpsters on the Township's property.

4. Fiduciary Fund (Trust Fund)

Because donors had not formally restricted contributions to the *Cemetery Bequest Fund*, the Township transferred the balance of the *Cemetery Bequest Fund* to the *Cemetery Fund*, a special revenue fund, in 2003.

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 level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve the appropriation measure and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

JACKSON TOWNSHIP
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay 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 investment 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>2004</u>	<u>2003</u>
Demand deposits	\$ 25,174	\$ 23,739
Certificates of deposit	<u>190,805</u>	<u>175,694</u>
Total deposits	215,979	199,433
Investments (STAR Ohio)	<u>323,203</u>	<u>301,056</u>
Total deposits and investments	\$ <u>539,182</u>	\$ <u>500,489</u>

Deposits: During the two years ended December 31, 2004, some deposits were not insured or collateralized, contrary to Ohio law; otherwise deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

JACKSON TOWNSHIP
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2004 and 2003, follows:

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 63,600	\$ 55,792	\$ (7,808)
Special Revenue	<u>296,120</u>	<u>333,487</u>	<u>37,367</u>
Total	\$ <u>359,720</u>	\$ <u>389,279</u>	\$ <u>29,559</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 400,775	\$ 94,713	\$ 306,062
Special Revenue	<u>455,238</u>	<u>255,873</u>	<u>199,365</u>
Total	\$ <u>856,013</u>	\$ <u>350,586</u>	\$ <u>505,427</u>

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 166,104	\$ 79,678	\$ (86,426)
Special Revenue	329,352	336,281	6,929
Fiduciary	<u> </u>	<u>1,967</u>	<u>1,967</u>
Total	\$ <u>495,456</u>	\$ <u>417,926</u>	\$ <u>(77,530)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 583,329	\$ 114,731	\$ 468,598
Special Revenue	412,199	336,245	75,954
Fiduciary	<u>20,269</u>	<u>21,175</u>	<u>(906)</u>
Total	\$ <u>1,015,797</u>	\$ <u>472,151</u>	\$ <u>543,646</u>

Contrary to Ohio law, appropriations plus encumbrances exceeded estimated resource in Special Revenue Funds in 2004 and the General Fund and the Fiduciary Fund in 2003. Also contrary to Ohio Law, budgetary expenditures exceeded appropriation authority in the Fiduciary fund by \$905, for the year ended December 31, 2003. This violation was due to the transfer of the *Cemetery Bequest Fund*, to the *Cemetery Fund*, a special revenue fund, in 2003.

**JACKSON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

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.

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.

5. RETIREMENT SYSTEM

All Township employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS 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. OPERS member employees contributed 8.5% of their gross salaries for 2004 and 2003. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2004 and 2003. The Township has paid all contributions required through December 31, 2004.

For the past several years the Township has granted employees the opportunity to participate in a Savings Incentive Match Plan for Employees (SIMPLE). Under Internal Service rules an employer cannot maintain a SIMPLE plan and another qualified plan. The Township appears to be in violation of these rules.

6. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, The Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

JACKSON TOWNSHIP
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

6. RISK MANAGEMENT (Continued)

The Township does not provide health coverage to any employees. However, the Township reimburses the cost of health insurance coverage to full-time employees and officials up to a maximum of \$200 per month.

Long, Cook & Samsa, Inc.

Certified Public Accountants/Consultants

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

Jackson Township
Richland County
47 East Main Street
Shelby, Ohio 44875

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Richland County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated May 17, 2007, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

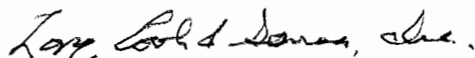
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. We noted other matters that we reported to management of the Township in a separate letter dated May 17, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect 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 or other matters that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2004-01 through 2004-03. In a separate letter to the Township's management dated May 17, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for anyone other than these specified parties.



Long, Cook & Samsa, Inc.
May 17, 2007

JACKSON TOWNSHIP
RICHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003

FINDING NUMBER 2004-01

Noncompliance citations

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

A. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that she is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 (\$1,000 prior to April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

B. Blanket Certificate – Fiscal officers may prepare "blanket" certificates not exceeding \$5,000 (an amount established by resolution or ordinance adopted by the legislative authority after September 26, 2003) against any specific line item account over a period not exceeding three months or running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any particular line item appropriation.

C. Super Blanket Certificate – The taxing authority may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year (or quarterly spending plan for counties). More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

For the two years under audit, 25 of the 60 expenditures tested, were not certified by the Clerk prior to incurring the obligation. In addition the Clerk did not utilize the above exceptions. To avoid overspending, the Township should certify the availability of funds prior to incurring the obligation for expenditures.

JACKSON TOWNSHIP
RICHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003

FINDING NUMBER 2004-02

Ohio Rev. Code Section 507.22 states that no money belonging to the Township shall be paid out except upon an order signed by at least two of the Township trustees, and countersigned by the Township fiscal officer. During our tests we scanned cancelled checks and found the clerk had not signed approximately 85 during the two year audit period.

FINDING NUMBER 2004-03

Ohio Rev. Code Section 135.18 requires the treasurer of any public subdivision to require all depositories holding public funds to provide security for those public funds in an amount equal to the amount of deposit with the institution.

Several times during the two year period under audit, the Township had funds on deposit with a financial institution that were not federally insured or collateralized. To minimize the chance of loss public deposits should be secured by either federal deposit insurance, surety company bonds, or pledged securities. The Clerk should periodically review deposit and collateral amounts to determine whether the required collateral is being provided.

JACKSON TOWNSHIP
RICHLAND COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected, Significantly Different Corrective Action taken; or Finding No Longer Valid; <i>Explain:</i>
2002-40570-001	Revised Code 505.24, trustees paid from wrong funds	Yes	
2002-40570-001	Revised Code 135.18, collateral and/or FDIC insurance insufficient	No	Not corrected. Reported as Finding Number 2004-003.
2002-003	Revised Code 5705.41(D), expenditures were not certified prior to incurring the obligation.	No	Not corrected. Reported as Finding Number 2004-001



Mary Taylor, CPA
Auditor of State

JACKSON TOWNSHIP

RICHLAND 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
JUNE 12, 2007**