



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

---

**STATE OF OHIO**



JACKSON TOWNSHIP  
ALLEN COUNTY

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, 2001 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings .....	13
Schedule of Prior Audit Findings .....	16

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS**

Jackson Township  
Allen County  
11510 Ada Road  
Ada, Ohio 45810

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Allen County, (the Township) as of and for the years ended December 31, 2001 and 2000. 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 of the Township, as of December 31, 2001 and 2000, 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 May 31, 2002, 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

May 31, 2002

**This page intentionally left blank.**

**JACKSON TOWNSHIP  
ALLEN 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**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$39,593	\$112,862	\$152,455
Intergovernmental	65,532	82,677	148,209
Licenses, Permits, and Fees		2,533	2,533
Earnings on Investments	3,861	1,930	5,791
Other Revenue	4,463	6,188	10,651
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	113,449	206,190	319,639
<b>Cash Disbursements:</b>			
Current:			
General Government	81,929	4,842	86,771
Public Safety		46,774	46,774
Public Works		48,617	48,617
Health	8,083	15,858	23,941
Debt Service:			
Redemption of Principal		18,000	18,000
Interest and Fiscal Charges		918	918
Capital Outlay		56,688	56,688
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	90,012	191,697	281,709
Total Receipts Over/(Under) Disbursements	23,437	14,493	37,930
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In		2,000	2,000
Transfers-Out	(2,000)		(2,000)
Other Sources		8,450	8,450
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(2,000)	10,450	8,450
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	21,437	24,943	46,380
Fund Cash Balances, January 1	157,351	105,200	262,551
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$178,788</b>	<b>\$130,143</b>	<b>\$308,931</b>

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

**JACKSON TOWNSHIP  
ALLEN 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**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$35,377	\$106,831		\$142,208
Intergovernmental	99,498	82,853	\$73,767	256,118
Licenses, Permits, and Fees		2,908		2,908
Earnings on Investments	3,565	3,260		6,825
Other Revenue	73,984	16,383		90,367
	<u>212,424</u>	<u>212,235</u>	<u>73,767</u>	<u>498,426</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	122,123	4,206		126,329
Public Safety		40,576		40,576
Public Works		105,620		105,620
Health	7,647	14,572		22,219
Debt Service:				
Redemption of Principal		18,000		18,000
Interest and Fiscal Charges		1,953		1,953
Capital Outlay	9,145	33,980	73,767	116,892
	<u>138,915</u>	<u>218,907</u>	<u>73,767</u>	<u>431,589</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	73,509	(6,672)		66,837
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In		6,000		6,000
Transfers-Out	(6,000)			(6,000)
Other Sources		4,650		4,650
	<u>(6,000)</u>	<u>10,650</u>		<u>4,650</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	67,509	3,978		71,487
Fund Cash Balances, January 1	89,842	101,222		191,064
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 157,351</u></u>	<u><u>\$ 105,200</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 262,551</u></u>

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



**JACKSON TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Jackson Township, Allen County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

**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 fund cash balances. 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 or disbursements, respectively.

Certificates of deposit 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 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 to construct, maintain and repair Township roads and bridges.

**Gasoline Tax Fund** - This fund receives gasoline tax money to construct, maintain and repair Township roads.

**Fire Fund**- This fund receives tax money for fire protection.

**JACKSON TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital projects fund during 2000:

**Issue II Fund** - The Township was a beneficiary of an Issue II grant administered by the Allen County Engineer.

**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. The Township did not use the encumbrance method of accounting.

A summary of 2001 and 2000 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 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>2001</u>	<u>2000</u>
Demand deposits	\$248,931	\$202,551
Certificates of deposit	60,000	60,000
Total deposits	<u>\$308,931</u>	<u>\$262,551</u>

**JACKSON TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

**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, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$112,221	\$113,449	\$1,228
Special Revenue	215,800	216,640	840
Total	\$328,021	\$330,089	\$2,068

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$92,012	(\$92,012)
Special Revenue	0	191,697	(191,697)
Total	\$0	\$283,709	(\$283,709)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$111,509	\$212,424	\$100,915
Special Revenue	214,400	222,885	8,485
Capital Projects	60,000	73,767	13,767
Total	\$385,909	\$509,076	\$123,167

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$169,478	\$144,915	\$24,563
Special Revenue	264,700	218,907	45,793
Capital Projects	60,000	73,767	(13,767)
Total	\$494,178	\$437,589	\$56,589

Contrary to Ohio law, a permanent appropriation resolution was not adopted, or filed with the county auditor to receive the certificate stating that appropriations did not exceed estimated resources, for the year 2001. Therefore, budgetary expenditures exceeded appropriations in the General fund by \$92,012 and in the Special Revenue funds by \$191,697; and for the year 2000, expenditures exceed appropriations in two Special Revenue funds and the Capital Project fund. Also, prior certification that funds were available for expenditure was not obtained prior to incurring obligations, nor was the "then and now" certification used.

**JACKSON TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(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 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.

**5. DEBT**

The Township retired the loan for a fire truck with Liberty National Bank during 2001. There were no outstanding debt issuances as of December 31, 2001.

**6. RETIREMENT SYSTEMS**

Township officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001, and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

**A. Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**JACKSON TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**B. Casualty Coverage**

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**C. Property Coverage**

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**D. Financial Position**

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31:

<b>Casualty Coverage</b>	<b>2001</b>	<b>2000</b>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>
<b>Property Coverage</b>	<b>2001</b>	<b>2000</b>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained Earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

**This page intentionally left blank.**



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

**JIM PETRO, AUDITOR OF STATE**

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
www.auditor.state.oh.us

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

Jackson Township  
Allen County  
11510 Ada Road  
Ada, Ohio 45810

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Allen County, (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 31, 2002. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule as items 2001-40202-001 through 2001-40202-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 31, 2002.

**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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. A reportable condition involves matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2001-40202-006.

**Internal Control Over Financial Reporting  
(Continued)**

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly would not necessarily disclose all reportable conditions that might be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also 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 May 31, 2002.

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.



**Jim Petro**  
Auditor of State

May 31, 2002



**JACKSON TOWNSHIP  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2001-40202-001**

**Prior Certification**

**Ohio Revised Code Section 5705.41 (D)**, states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract 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 encumbrances.

An exception to this requirement provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that the certification is being completed, sufficient funds were available or were 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 the warrant ("then and now"). The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district. Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority 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.

Proper certification was not obtained for 100 percent of the expenditures made for both 2001 and 2000. In addition, there was no evidence of certification that funds were available at the time of making the obligation and at the time of payment ("then and now"). Also, there was no evidence that the Board of Trustees approved expenditures in excess of \$1,000, by formal resolution within thirty days, prior to payment.

The lack of proper certification could result in the obligation of funds in excess of fund balances resulting in a deficit spending situation. Certification that funds are available should be obtained prior to purchasing goods and services to prevent possible overspending of resources and/or the obligation of amounts in excess of specific line item appropriations. Procedures should be established for obtaining certification prior to incurring an obligation, or for subsequent certification and approval as provided by the exception noted above.

**FINDING NUMBER 2001-40202-002**

**Approval of Permanent Appropriations**

**Ohio Rev. Code Section 5705.38** states that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1 when the permanent appropriations must be passed and filed with the County Auditor.

The Township did adopt temporary appropriations for 2001, however, there was no evidence in the minutes that the permanent appropriation resolution was adopted. In addition, there was no permanent appropriation resolution filed with the County Auditor.

Failure to formally approve the permanent appropriation resolution and file a copy with the County Auditor led to expenditures being made for which funds had not been legally appropriated, and which may not have been in line with the intent of the Board of Trustees. A permanent appropriation resolution should formally be adopted, documented in the minutes, and filed with the County Auditor on an annual basis.

**FINDING NUMBER 2001-40202-003**

**Appropriations Limited by Estimated Revenue**

**Ohio Rev. Code Section 5705.39** states that the total appropriation from each fund should not exceed the total estimated revenue, and no appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

For 2001, the Township did not file a permanent appropriation resolution with the county auditor, therefore, a certificate stating that the total appropriations from each fund did not exceed the total official estimate or amended official estimate could not be issued by the county auditor. As a result, an appropriation measure was not legally in effect for the year 2001.

Failure to file an annual appropriation resolution with the county auditor and obtain the necessary certificate could lead to expenditures being made in excess of appropriations and the official estimate of resources, which could lead to deficit spending.

An annual appropriation resolution should be officially adopted and filed with the county auditor on a yearly basis, and the required certificate should be obtained before any expenditures are made against the appropriations.

**FINDING NUMBER 2001-40202-004**

**Expenditures Limited by Appropriations**

**Ohio Rev. Code Section 5705.41 (B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2001, all funds had expenditures exceeding appropriations because permanent appropriations were not formally adopted, nor was the permanent appropriation resolution submitted to the County Auditor.

<u>Fund Type</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Variance</u>
General	\$0	\$92,012	(\$92,012)
Special Revenue	0	191,697	(191,697)
Total	\$0	\$283,709	(\$283,709)

At the end of 2000, several funds had expenditures exceeding appropriations. Amended or supplemental appropriations were not issued by the Township.

<u>Fund</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Variance</u>
Road and Bridge	46,000	56,984	(10,984)
Zoning	3,700	4,206	(506)
Issue II	60,000	73,767	(13,767)
Total	\$109,700	\$134,957	(\$25,257)

In addition, it was noted that several line items in 2000 had expenditures exceeding appropriations at the legal level of control. Failure to limit expenditures by the approved appropriations could result in deficit spending which could lead to deficit fund balances. The Township should limit all expenditures to within the approved appropriation amounts. When expenditures will exceed the approved appropriation amounts, amended or supplemental appropriations need to be issued and approved by the Trustees. This should also encompass an analysis of actual available resources.

**FINDING NUMBER 2001-40202-005**

**Maintenance of Township Records**

**Ohio Rev. Code Section 149.351 (A)** states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Sections 149.38 to 149.42 of the Ohio Rev. Code.

Several burial permits required by the Ohio Department of Health to be maintained for a period of five years could not be located. Documentation to support the revenue received for opening and closing of graves, foundations for graves, and grants received for the Fire Department could not be located. Also, records detailing the required use for money turned over to the Township for the operation and maintenance of the mausoleum could not be located.

The lack of supporting documentation and maintenance of required records could lead to revenue not being used for the required purposes, or revenue being diverted from the Township's treasury and not being detected in a timely manner. In addition, the lack of burial permits could lead to being in non-compliance with the rules and regulations of the Ohio Department of Health.

The Township should maintain support for all revenue sources to determine funds are being used for the required purposes, and burial permits should be retained to support the operations of the Township's cemeteries.

**FINDING NUMBER 2001-40202-006**

**Effective Use of Township Resources**

The Township has access to the Uniform Accounting Network system (UAN) provided by the Auditor of State's Office and the Clerk has attended training sessions offered by UAN. In addition, the Township has paid the UAN quarterly fees. In 2001, \$990 was paid and in 2000, \$1,387 was paid. Rather than utilize the UAN system, the Township maintained manual records during the audit period.

Failure to utilize the resources available to the Township in processing daily transactions and producing month and year-end reports could lead to inefficient use of Township funds, increased audit costs, and errors and irregularities occurring and not being detected in a timely manner.

The Township should utilize the UAN system available to them in order to gain efficiency in processing transactions and producing reports and to make better use of the Township's funds.

**JACKSON TOWNSHIP  
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR END 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-40202-001	Failure to utilize purchase orders	No	Will repeat ORC 5705.41 (D), citation.
1999-40202-002	Approval of Permanent Appropriations	No	Partially corrected, temporary appropriations were adopted, however, permanent appropriations were not adopted for 2001.



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**

**ALLEN 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 27, 2002**