

**JACKSON TOWNSHIP  
ASHLAND COUNTY, OHIO**

**FOR THE YEARS ENDED  
DECEMBER 31, 2003 AND 2002**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Jackson Township  
P.O. Box 1  
Polk, Ohio 44866

We have reviewed the Independent Auditor's Report of Jackson Township, Ashland County, prepared by Rea & Associates, Inc., for the audit period January 1, 2002 through December 31, 2003. 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.

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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

May 11, 2004

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**JACKSON TOWNSHIP  
ASHLAND COUNTY, OHIO**

**FOR THE YEARS ENDED  
DECEMBER 31, 2003 AND 2002**

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

March 26, 2004

Board of Trustees  
Jackson Township  
Ashland County, Ohio

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Jackson Township (the Township), Ashland County, as of and for the years ended December 31, 2003 and 2002, as listed in the table of contents. These financial statements are the responsibility of the Jackson 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 the 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 cash balances of Jackson Township, Ashland County, as of December 31, 2003 and 2002, and the 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 a report dated March 26, 2004 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 the officials authorized to receive this report under Section 117.26, Ohio Revised Code, and it is not intended to be and should not be used by anyone other than these specified parties.

*Rea & Associates, Inc.*

**JACKSON TOWNSHIP  
ASHLAND COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Governmental Fund Types</b>			<b>Total (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	
<b>CASH RECEIPTS:</b>				
Taxes	\$ 35,073	\$ 43,685	\$ 0	\$ 78,758
Licenses, Permits, and Fees	5,650	1,000	0	6,650
Intergovernmental Receipts	64,361	67,361	0	131,722
Interest	269	0	117	386
All Other Revenue	5,833	15,104	0	20,937
Total Cash Receipts	111,186	127,150	117	238,453
<b>CASH DISBURSEMENTS:</b>				
General Government	91,955	0	0	91,955
Public Safety	505	0	0	505
Public Works	9,801	125,470	0	135,271
Health	3,537	886	0	4,423
Capital Outlay	5,529	957	18,000	24,486
Total Cash Disbursements	111,327	127,313	18,000	256,640
Total Receipts Over (Under) Disbursements	(141)	(163)	(17,883)	(18,187)
<b>OTHER FINANCING SOURCES (USES):</b>				
Other Financing Sources	0	0	0	0
Transfer In	0	0	6,000	6,000
Transfer Out	(6,000)	0	0	(6,000)
Total Other Financing Sources (Uses)	(6,000)	0	6,000	0
Total of Receipts and Other Sources Over (Under) Disbursements and Other Financing Uses	(6,141)	(163)	(11,883)	(18,187)
Fund cash balances, beginning of year	8,171	10,769	19,323	38,263
<b>Fund cash balances, end of year</b>	<b>\$ 2,030</b>	<b>\$ 10,606</b>	<b>\$ 7,440</b>	<b>\$ 20,076</b>

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



**JACKSON TOWNSHIP  
ASHLAND COUNTY, OHIO**

**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			
	General	Special Revenue	Capital Projects	Total (Memorandum Only)
<b>CASH RECEIPTS:</b>				
Taxes	\$ 33,011	\$ 38,399	\$ 0	\$ 71,410
Licenses, Permits, and Fees	8,075	1,350	0	9,425
Intergovernmental Receipts	42,660	62,636	0	105,296
Interest	399	0	343	742
All Other Revenue	518	6,316	0	6,834
Total Cash Receipts	<u>84,663</u>	<u>108,701</u>	<u>343</u>	<u>193,707</u>
<b>CASH DISBURSEMENTS:</b>				
General Government	72,284	0	0	72,284
Public Safety	125	0	0	125
Public Works	5,627	113,172	0	118,799
Health	2,074	2,160	0	4,234
Capital Outlay	4,845	119	0	4,964
Total Cash Disbursements	<u>84,955</u>	<u>115,451</u>	<u>0</u>	<u>200,406</u>
Total Receipts Over (Under) Disbursements	(292)	(6,750)	343	(6,699)
<b>OTHER FINANCING SOURCES (USES):</b>				
Other Financing Sources	996	350	0	1,346
Transfer In	0	0	0	0
Transfer Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>996</u>	<u>350</u>	<u>0</u>	<u>1,346</u>
Total of Receipts and Other Sources Over (Under) Disbursements and Other Financing Uses	704	(6,400)	343	(5,353)
Fund cash balances, beginning of year	<u>7,467</u>	<u>17,169</u>	<u>18,980</u>	<u>43,616</u>
<b>Fund cash balances, end of year</b>	<u>\$ 8,171</u>	<u>\$ 10,769</u>	<u>\$ 19,323</u>	<u>\$ 38,263</u>

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

**JACKSON TOWNSHIP  
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2003 AND 2002**

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**NOTE 1: Summary of Significant Accounting Policies**

**A. Description of the Entity**

The Township of Jackson, Ashland County, is a body politic and corporate 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 four member Board. The Township provides general governmental services, including road, bridge and cemetery maintenance.

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 or disbursements, respectively.

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:

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds.

**JACKSON TOWNSHIP  
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2003 AND 2002**

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**NOTE 1: Summary of Significant Accounting Policies (continued)**

**D. Fund Accounting (continued)**

**Motor Vehicle License Tax Fund** - This fund receives state motor vehicle license tax money for the construction, repair, and maintenance of township roads and bridges.

**Gasoline Tax Fund** - This fund receives gasoline tax money for the construction, repair, and maintenance of township roads and bridges.

**Road and Bridges Fund** - This fund receives real estate and personal property tax money for the construction, repair, and maintenance of township roads and bridges.

**Cemetery Fund** - This fund generates money through the selling of cemetery lots and donations from the general public. This money is disbursed for the maintenance and upkeep of township cemeteries.

**Capital Projects Fund**

These funds are used to account for financial resources to be used for the acquisition or construction of future major capital facilities.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**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 Township 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.

**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.

**JACKSON TOWNSHIP  
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2003 AND 2002**

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**NOTE 1: Summary of Significant Accounting Policies (continued)**

**E. Budgetary Process (continued)**

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are canceled and reappropriated in the subsequent year.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant, and equipment are recorded as disbursements (capital outlays) when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Unpaid Vacation and Sick Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

**NOTE 2: Equity in Pooled Cash**

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2003</u>	<u>2002</u>
Deposits	\$ 6,636	\$ 18,940
Investment In State		
Treasurer's Investment Pool	<u>13,440</u>	<u>19,323</u>
	<u>\$ 20,076</u>	<u>\$ 38,263</u>

**Deposits**

Deposits are covered by Federal Depository Insurance.

**Investments**

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

**JACKSON TOWNSHIP  
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2003 AND 2002**

**NOTE 3: Budgetary Activity**

Budgetary activity for the years ended December 31, 2003 and 2002 was as follows:

**Budgeted vs. Actual Receipts**

	2003			2002		
	Budgeted Receipts	Actual Receipts	Variance	Budgeted Receipts	Actual Receipts	Variance
General	\$ 78,840	\$ 111,186	\$ 32,346	\$ 76,512	\$ 85,659	\$ 9,147
Special Revenue	107,783	127,150	19,367	100,145	109,051	8,906
Capital Projects	0	6,117	6,117	900	343	(557)
<b>Total</b>	<b>\$ 186,623</b>	<b>\$ 244,453</b>	<b>\$ 57,830</b>	<b>\$ 177,557</b>	<b>\$ 195,053</b>	<b>\$ 17,496</b>

**Budgeted vs. Actual Disbursements**

	2003			2002		
	Budgeted Disbursements	Actual Disbursements	Variance	Budgeted Disbursements	Actual Disbursements	Variance
General	\$ 88,196	\$ 117,327	\$ (29,131)	\$ 83,946	\$ 84,955	\$ (1,009)
Special Revenue	112,782	127,313	(14,531)	118,842	115,451	3,391
Capital Projects	19,574	18,000	1,574	19,806	0	19,806
<b>Total</b>	<b>\$ 220,552</b>	<b>\$ 262,640</b>	<b>\$ (42,088)</b>	<b>\$ 222,594</b>	<b>\$ 200,406</b>	<b>\$ 22,188</b>

**NOTE 4: Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Jackson Township. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property taxes 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  
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2003 AND 2002**

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**NOTE 5: Retirement System**

The Board of Trustees, Township Clerk and other employees of the Township 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 health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. For 2003 and 2002, the Township contributed an amount equal to 13.55% and 13.55%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

**NOTE 6: Risk Management**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Automobile
- Public Officials Liability

# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

March 26, 2004

The Board of Trustees  
Jackson Township  
Ashland County, Ohio

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of Jackson Township, Ashland County, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 26, 2004. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 Jackson 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 Jackson Township in a separate letter dated March 26, 2004.

## **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Jackson 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 weakness. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Jackson Township in a separate letter dated March 26, 2004.

This report is intended solely for the information of the Board of Trustees, management, and others within the Township, and it is not intended to be and should not be used by anyone other than these specified parties.

*Rea & Associates, Inc.*

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**Auditor of State  
Betty Montgomery**

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800-282-0370

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**JACKSON TOWNSHIP**

**ASHLAND 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 25, 2004**