



**JACKSON TOWNSHIP
DAYTON REGION, ALLEN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

JACKSON TOWNSHIP
ALLEN COUNTY

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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, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2000, 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.

This report is intended solely for the information and use of the audit committee, management, the Board 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

June 26, 2000

**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, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$33,852	\$102,208	\$136,060
Intergovernmental	61,434	84,592	146,026
Licenses, Permits, and Fees	0	2,720	2,720
Earnings on Investments	3,100	2,509	5,609
Other Revenue	390	10,687	11,077
	<u>98,776</u>	<u>202,716</u>	<u>301,492</u>
Total Cash Receipts			
	<u>98,776</u>	<u>202,716</u>	<u>301,492</u>
Cash Disbursements:			
Current:			
General Government	75,661	3,197	78,858
Public Safety	0	40,936	40,936
Public Works	0	71,968	71,968
Health	7,529	15,014	22,543
Debt Service:			
Redemption of Principal	0	18,000	18,000
Interest and Fiscal Charges	0	2,758	2,758
Capital Outlay	10,277	35,317	45,594
	<u>93,467</u>	<u>187,190</u>	<u>280,657</u>
Total Cash Disbursements			
	<u>93,467</u>	<u>187,190</u>	<u>280,657</u>
Total Receipts Over/(Under) Disbursements	<u>5,309</u>	<u>15,526</u>	<u>20,835</u>
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets	0	1,483	1,483
Transfers-In	0	7,000	7,000
Transfers-Out	(7,000)	0	(7,000)
	<u>(7,000)</u>	<u>8,483</u>	<u>1,483</u>
Total Other Financing Receipts/(Disbursements)			
	<u>(7,000)</u>	<u>8,483</u>	<u>1,483</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(1,691)</u>	<u>24,009</u>	<u>22,318</u>
Fund Cash Balances, January 1	<u>91,533</u>	<u>77,209</u>	<u>168,742</u>
Fund Cash Balances, December 31	<u>\$89,842</u>	<u>\$101,218</u>	<u>\$191,060</u>

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, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$33,028	\$79,721	\$112,749
Intergovernmental	52,679	77,128	129,807
Licenses, Permits, and Fees	4,252	0	4,252
Earnings on Investments	2,975	1,833	4,808
Other Revenue	7,013	4,965	11,978
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	99,947	163,647	263,594
Cash Disbursements:			
Current:			
General Government	54,898	38,053	92,951
Public Works	0	83,903	83,903
Health	6,886	14,885	21,771
Debt Service:			
Redemption of Principal	0	18,000	18,000
Interest and Fiscal Charges	0	3,663	3,663
Capital Outlay	6,044	0	6,044
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	67,828	158,504	226,332
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	32,119	5,143	37,262
Other Financing Receipts/(Disbursements):			
Transfers-In	0	9,000	9,000
Advances-In	0	4,000	4,000
Transfers-Out	(9,000)	0	(9,000)
Advances-Out	(4,000)	0	(4,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(13,000)	13,000	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	19,119	18,143	37,262
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	72,414	59,066	131,480
Fund Cash Balances, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$91,533	\$77,209	\$168,742

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

**JACKSON TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

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 general governmental services, including road and bridge maintenance, cemetery 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

Certificates of deposit are valued at cost.

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.

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 Funds:

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

Fire District Fund - This fund receives property tax money to assist with the Volunteer Fire Department expenses.

**JACKSON TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 1999 and 1998 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 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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$131,060	\$108,742
Certificates of deposit	<u>60,000</u>	<u>60,000</u>
Total deposits and investments	<u><u>\$191,060</u></u>	<u><u>\$168,742</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**JACKSON TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$84,210	\$98,776	\$14,566
Special Revenue	203,800	211,199	7,399
Total	<u>\$288,010</u>	<u>\$309,975</u>	<u>\$21,965</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$106,954	\$100,467	\$6,487
Special Revenue	208,100	187,190	20,910
Total	<u>\$315,054</u>	<u>\$287,657</u>	<u>\$27,397</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,000	\$99,947	\$23,947
Special Revenue	191,100	176,647	(14,453)
Total	<u>\$267,100</u>	<u>\$276,594</u>	<u>\$9,494</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$100,525	\$80,828	\$19,697
Special Revenue	182,200	158,504	23,696
Total	<u>\$282,725</u>	<u>\$239,332</u>	<u>\$43,393</u>

**JACKSON TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

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.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Liberty National Bank Loan	36,010	5%
Total	\$36,010	

The Liberty National Bank loan relates to the purchase of a fire truck. The loan will be repaid in annual installments of \$18,000 and semiannual installments of interest over 2 years. Total amount owed including interest is \$38,710.

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

Year ending December 31:	Liberty National Bank Loan
2000	\$19,800
2001	18,910
Total	\$38,710

**JACKSON TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

6. RETIREMENT SYSTEMS

The Township's 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 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Disability Insurance for Volunteer Fire Department

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STATE OF OHIO
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REPORT 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 financial statements of Jackson Township, Allen County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 26, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 of findings as items 1999-40202-001 and 1999-40202-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 26, 2000.

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 matter in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 26, 2000.

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

This report is intended for the information and use of the 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, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 26, 2000

**JACKSON TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

Finding Number	1999-40202-001
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Purchase Orders

Ohio Administrative Code 117-3-05 states:

- (A) All purchase orders shall be numbered consecutively.

- (B) Each purchase order shall be made out in triplicate. The original copy shall be filed with the township clerk to be used as a posting media to encumber the line-item appropriation and then filed in numerical sequence. The second copy shall be given to the vendor. The third copy shall be returned to the individual initiating the purchase order or requisition, as the case may be. The third copy shall serve as receiving report and be returned to the clerk once the item(s) are received and verified. This third copy shall serve as a receiving report and be returned to the clerk once the item(s) are received and verified. This third copy of the purchase order shall then be attached to the voucher along with the invoice.

- (C) Each purchase order shall provide the following information:
 - 1- Purchase order number and the date;
 - 2- Requisition number applicable;
 - 3- Name of township;
 - 4- Destination and method of shipment;
 - 5- Appropriation fund, code classification, and amount;
 - 6- Quantity, unit description, and cost;
 - 7- When applicable, name and title of person(s) authorizing purchase order;
 - 8- When applicable, clerk's certificate as provide pursuant to section 5705.413 and division (D) of section 5705.41 of the Revised Code.
 - 9- When applicable, pursuant to section 5705.41 of the Revised Code, the name of the vendor.

- (D) When a blanket certification has been authorized, the purchase order shall indicate the blanket certification, the effective date of the certification, and the amount.

The clerk did not issue any purchase orders for the expenditures during 1998 and 1999. Also, the clerk was not certifying the availability of funds on a timely basis in order to effectively monitor the amount of funds encumbered against appropriations.

In order to effectively monitor the expenditures of the Township, purchase orders should be used as described above and the Clerk should certify (on the purchase order) the availability of funds prior to any purchase.

**JACKSON TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

Finding Number	1999-40202-002
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Annual Appropriations Measure

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.

The Township did not approve its 1999 permanent appropriations until March 17, 1999. There was no evidence that temporary appropriations were approved. There was also no approval of the permanent appropriations documented in the minutes.

The lack of approval of temporary appropriations did not provide authority for any expenditures prior to March 17, 1999, and could allow for expenditures to be made which are not in the scheme of the intended budget of the Board.

The Township should pass temporary appropriations if they do not plan on passing permanent appropriations until March. All approvals should be documented in the minutes of the Board of Trustee meetings.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
AUGUST 10, 2000**