



**JACKSON TOWNSHIP
RICHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

JACKSON TOWNSHIP
RICHLAND 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, 2000	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances All Governmental Fund Types For the Year Ended December 31, 1999	4
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances Non-Expendable Trust Fund For the Years Ended December 31, 2000 and 1999	5
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15

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REPORT OF INDEPENDENT ACCOUNTANTS

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, 2000 and 1999. 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 audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2000 and 1999, 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 March 2, 2001, 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 audits.

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.

Jim Petro
Auditor of State

March 2, 2001

**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, 2000**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$11,039	\$196,863	\$0	\$207,902
Intergovernmental	32,303	73,785		106,088
Licenses, Permits and Fees	1,286			1,286
Earnings on Investments	23,830	1,013		24,843
Miscellaneous	1,876	6,913		8,789
	<u>70,334</u>	<u>278,574</u>	<u>0</u>	<u>348,908</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	57,773	81,020		138,793
Public Safety		36,483		36,483
Public Works		137,369		137,369
Health		679		679
Capital Outlay		21,704		21,704
	<u>57,773</u>	<u>277,255</u>	<u>0</u>	<u>335,028</u>
Total Cash Disbursements				
Total Cash Receipts Over Cash Disbursements	12,561	1,319	0	13,880
Fund Cash Balances, January 1	396,202	162,486	1,330	560,018
Fund Cash Balances, December 31	<u>\$408,763</u>	<u>\$163,805</u>	<u>\$1,330</u>	<u>\$573,898</u>
Reserves for Encumbrances, December 31	<u>\$11</u>	<u>\$160</u>	<u>\$0</u>	<u>\$171</u>

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

**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, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$9,252	\$174,787	\$0	\$184,039
Intergovernmental	42,060	70,371		112,431
Licenses, Permits and Fees	1,443	1,115		2,558
Earnings on Investments	27,999	1,290		29,289
Miscellaneous	1,075	5,475		6,550
	<u>81,829</u>	<u>253,038</u>	<u>0</u>	<u>334,867</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	58,807	69,399		128,206
Public Safety		33,606		33,606
Public Works	40	111,674		111,714
Health		329		329
Capital Outlay	2,328	64,200		66,528
	<u>61,175</u>	<u>279,208</u>	<u>0</u>	<u>340,383</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>20,654</u>	<u>(26,170)</u>	<u>0</u>	<u>(5,516)</u>
Other Financing Receipts:				
Sale of Fixed Assets		8,500		8,500
Other Financing Sources	2,437			2,437
	<u>2,437</u>	<u>8,500</u>	<u>0</u>	<u>10,937</u>
Total Other Financing Receipts				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	23,091	(17,670)	0	5,421
Fund Cash Balances, January 1	<u>373,111</u>	<u>180,156</u>	<u>1,330</u>	<u>554,597</u>
Fund Cash Balances, December 31	<u>\$396,202</u>	<u>\$162,486</u>	<u>\$1,330</u>	<u>\$560,018</u>
Reserves for Encumbrances, December 31	<u>\$4,132</u>	<u>\$19,206</u>	<u>\$0</u>	<u>\$23,338</u>

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

**JACKSON TOWNSHIP
RICHLAND COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NON-EXPENDABLE TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	2000	1999
Operating Cash Receipts:		
Interest	\$1,272	\$873
Miscellaneous	0	100
Total Operating Cash Receipts	1,272	973
Operating Cash Disbursements:		
Contractual services	843	0
Supplies and materials	139	28
Total Operating Cash Disbursements	982	28
Operating Income	290	945
Non-Operating Cash Receipts:		
Sale of Cemetery Lots	700	0
Net Receipts Over Disbursements	990	945
Fund Cash Balances, January 1	19,219	18,274
Fund Cash Balances, December 31	\$20,209	\$19,219
Reserves for Encumbrances	\$0	\$972

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

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**JACKSON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

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 general governmental services, including road maintenance, fire protection, and emergency medical services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and cash 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. The investment in STAR Ohio (the State of Ohio 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 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 for constructing, maintaining and repairing Township roads.

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

**JACKSON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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 had 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 Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Township has the following significant nonexpendable trust fund:

Cemetery Bequest Fund - This fund is used to account for donations made to the cemetery, to be used for specific purposes as designated by each donor.

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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**JACKSON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Unpaid Vacation Leave

Employees are entitled to cash payments for unused vacation leave in certain circumstances, such as upon leaving employment. Unpaid vacation is not reflected as a liability under the cash basis of accounting used by the Township.

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>2000</u>	<u>1999</u>
Demand deposits	\$27,370	\$14,922
Certificates of deposit	<u>159,783</u>	<u>159,783</u>
Total deposits	<u>187,153</u>	<u>174,705</u>
Investments (STAR Ohio)	<u>406,954</u>	<u>404,532</u>
Total deposits and investments	<u><u>\$594,107</u></u>	<u><u>\$579,237</u></u>

Deposits: 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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 120,463	\$ 70,334	\$ (50,129)
Special Revenue	253,696	278,574	24,878
Nonexpendable Trust	<u>2,221</u>	<u>1,972</u>	<u>(249)</u>
Total	<u><u>\$ 376,380</u></u>	<u><u>\$ 350,880</u></u>	<u><u>\$ (25,500)</u></u>

**JACKSON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 525,213	\$ 57,784	\$ 467,429
Special Revenue	429,123	277,415	151,708
Capital Projects	1,330	0	1,330
Nonexpendable Trust	22,412	982	21,430
Total	\$ 978,078	\$ 336,181	\$ 641,897

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 115,183	\$ 84,266	\$ (30,917)
Special Revenue	230,815	261,538	30,723
Nonexpendable Trust	2,156	973	(1,183)
Total	\$ 348,154	\$ 346,777	\$ (1,377)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 483,762	\$ 65,307	\$ 418,455
Special Revenue	404,865	298,414	106,451
Capital Projects	1,330	0	1,330
Nonexpendable Trust	20,430	1,000	19,430
Total	\$ 910,387	\$ 364,721	\$ 545,666

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.

**JACKSON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. RETIREMENT SYSTEM

All Township 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 post retirement 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 2000 and 1999, 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, 2000.

6. RISK MANAGEMENT

The Township is a member of the Ohio Government Risk Management Plan (the Plan). The Plan is an unincorporated non-profit association of its members for the purpose of providing its members a jointly administered self-insurance program. The Plan assumes the risk of loss minus the Township's deductible contribution. The following risks are covered by the Plan:

- Comprehensive property and general liability
- Vehicles
- Commercial inland marine
- General liability
- Public officials' liability
- Employers' liability
- Employee benefits liability
- Cemetery liability

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

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**REPORT OF INDEPENDENT ACCOUNTANTS 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, 2000 and 1999, and have issued our report thereon dated March 2, 2001. We conducted our audits 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-40570-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 2, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain 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 March 2, 2001.

Jackson Township
Richland 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 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

March 2, 2001

**JACKSON TOWNSHIP
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

Finding for Recovery Repaid Under Audit

Finding # 2000-40570-001

Effective May 8, 1996, the compensation schedule for township clerks was increased under House Bill 408.

However, as Ohio Constitution Article II, Section 20, prohibits midterm legislative pay raises, the only Township officials eligible to receive the salary increase are those who began a term of office after May 8, 1996, the effective date of the bill. Since the first three months of 2000 were part of the Clerk's term that began on April 1, 1996, he was not eligible for compensation under the new schedule for those three months.

Charles W. Kilgore, Township Clerk, was overpaid \$399.00 during 2000. The Clerk's allowable salary for 2000 was \$13,503. Township payroll records indicate he was paid \$13,802. The difference was due to the Clerk's first quarter payroll being calculated using the new compensation schedule that he was not eligible to receive since his term began on April 1, 1996.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Charles W. Kilgore, Clerk, and the Ohio Government Risk Management Plan, his bonding company, jointly and severally, in the amount of three hundred ninety-nine dollars (\$399.00) and in the favor of Jackson Township.

The Clerk subsequently paid \$399.00 back to the Township on February 25, 2001.



STATE OF OHIO
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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
APRIL 10, 2001**