

**JACKSON TOWNSHIP
ASHLAND COUNTY, OHIO**

**FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Jackson Township
P.O. Box 1
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We have reviewed the Independent Auditor's Report of Jackson Township, Ashland County, prepared by Rea & Associates, Inc., for the audit period January 1, 2000 through December 31, 2001. 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.

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

JIM PETRO
Auditor of State

June 19, 2002

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**JACKSON TOWNSHIP
ASHLAND COUNTY, OHIO**

**FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000**

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

April 25, 2002

Board of Trustees
Jackson Township
Ashland County, Ohio

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Jackson Township, Ashland County, as of and for the years ended December 31, 2001 and 2000, 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 described in Note 1, the Township prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Ohio, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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, 2001 and 2000, 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 April 25, 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 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, 2001

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
CASH RECEIPTS:				
Taxes	\$ 30,690	\$ 96,270	\$ 0	\$ 126,960
Licenses, Permits, and Fees	6,725	2,325	0	9,050
Intergovernmental Receipts	37,113	5,771	0	42,884
Interest	430	0	1,327	1,757
All Other Revenue	3,953	1,585	0	5,538
Total Cash Receipts	78,911	105,951	1,327	186,189
CASH DISBURSEMENTS:				
General Government	62,299	0	0	62,299
Public Works	18,257	104,249	0	122,506
Health	1,956	1,700	0	3,656
Capital Outlay	3,798	125	27,846	31,769
Total Cash Disbursements	86,310	106,074	27,846	220,230
Total Receipts Over (Under) Disbursements	(7,399)	(123)	(26,519)	(34,041)
OTHER FINANCING SOURCES (USES):				
Other Financing Sources	1,254	0	0	1,254
Total Other Financing Sources (Uses)	1,254	0	0	1,254
Total of Receipts and Other Sources Over (Under) Disbursements and Other Financing Uses	(6,145)	(123)	(26,519)	(32,787)
Fund cash balances, beginning of year	13,612	17,292	45,499	76,403
Fund cash balances, end of year	\$ 7,467	\$ 17,169	\$ 18,980	\$ 43,616

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, 2000

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Total (Memorandum Only)
CASH RECEIPTS:				
Taxes	\$ 28,893	\$ 98,062	\$ 0	\$ 126,955
Licenses, Permits, and Fees	11,225	1,325	0	12,550
Intergovernmental Receipts	48,574	4,019	0	52,593
Interest	348	0	2,741	3,089
All Other Revenue	2,169	652	0	2,821
Total Cash Receipts	91,209	104,058	2,741	198,008
CASH DISBURSEMENTS:				
General Government	59,861	0	0	59,861
Public Safety	180	0	0	180
Public Works	19,641	95,045	0	114,686
Health	3,006	1,665	0	4,671
Total Cash Disbursements	82,688	96,710	0	179,398
Total Receipts Over (Under) Disbursements	8,521	7,348	2,741	18,610
OTHER FINANCING SOURCES (USES):				
Other Financing Sources	134	0	0	134
Total Other Financing Sources (Uses)	134	0	0	134
Total of Receipts and Other Sources Over (Under) Disbursements and Other Financing Uses	8,655	7,348	2,741	18,744
Fund cash balances, beginning of year	4,957	9,944	42,758	57,659
Fund cash balances, end of year	\$ 13,612	\$ 17,292	\$ 45,499	\$ 76,403

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, 2001 AND 2000**

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. 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.

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.

**JACKSON TOWNSHIP
ASHLAND COUNTY, OHIO**

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

NOTE 1: Summary of Significant Accounting Policies (continued)

C. Fund Accounting (continued)

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.

D. 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.

The Township's Road and Bridge fund and Gasoline Tax fund disbursements exceeded appropriations by \$4,051 and \$15,767, respectively, for the year ended December 31, 2000.

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.

The Township's Motor Vehicle Fund appropriations exceeded estimated resources by \$2,700 for the year ended December 31, 2000.

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.

**JACKSON TOWNSHIP
ASHLAND COUNTY, OHIO**

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

NOTE 1: Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

A summary of 2001 and 2000 budgetary activity appears in Note 3.

E. 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.

F. 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>2001</u>	<u>2000</u>
Deposits	\$ 24,636	\$ 30,904
Investment In State		
Treasurer's Investment Pool	<u>18,980</u>	<u>45,499</u>
	<u>\$ 43,616</u>	<u>\$ 76,403</u>

Deposits

Deposits are covered by Federal Depository Insurance.

**JACKSON TOWNSHIP
ASHLAND COUNTY, OHIO**

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

NOTE 3: Budgetary Activity

Budgetary activity for the years ended December 31, 2001 and 2000 was as follows:

Budgeted vs. Actual Receipts

	2001			2000		
	Budgeted Receipts	Actual Receipts	Variance	Budgeted Receipts	Actual Receipts	Variance
General	\$ 86,371	\$ 80,165	\$ (6,206)	\$ 82,459	\$ 91,343	\$ 8,884
Special Revenue	97,945	105,951	8,006	71,277	104,058	32,781
Capital Projects	1,500	1,327	(173)	0	2,741	2,741
Total	\$ 185,816	\$ 187,443	\$ 1,627	\$ 153,736	\$ 198,142	\$ 44,406

Budgeted vs. Actual Disbursements

	2001			2000		
	Budgeted Disbursements	Actual Disbursements	Variance	Budgeted Disbursements	Actual Disbursements	Variance
General	\$ 99,942	\$ 86,310	\$ 13,632	\$ 87,416	\$ 82,688	\$ 4,728
Special Revenue	115,260	106,074	9,186	83,921	96,710	(12,789)
Capital Projects	46,511	27,846	18,665	0	0	0
Total	\$ 261,713	\$ 220,230	\$ 41,483	\$ 171,337	\$ 179,398	\$ (8,061)

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, 2001 AND 2000**

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 4325-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. For 2001 and 2000, the Township contributed an amount equal to 13.55% and 10.84%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2001.

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

April 25, 2002

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, 2001 and 2000, and have issued our report thereon dated April 25, 2002. 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 April 25, 2002.

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 April 25, 2002.

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.



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
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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
JULY 2, 2002**