



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

---

**STATE OF OHIO**



JACKSON TOWNSHIP  
PERRY COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Jackson Township  
Perry County  
2933 Run-A-Round Road  
Junction City, Ohio 43748

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Perry County, Ohio (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 Jackson Township, Perry County, 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 March 28, 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.

Jackson Township  
Perry County  
Report of Independent Accountants  
Page 2

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 Section 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 28, 2002

**JACKSON TOWNSHIP  
PERRY 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> |                            | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|--------------------------------|----------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> |   |
| <b>Cash Receipts:</b>  |                                |                            |   |
| Local Taxes  | \$ 22,677                      | \$ 108,807                 | \$ 131,484                              |
| Intergovernmental  | 31,297                         | 77,104                     | 108,401                                 |
| Earnings on Investments  | 1,280                          | 2,783                      | 4,063                                   |
| Other Revenue  |                                | 788                        | 788                                     |
|  | <hr/>                          | <hr/>                      | <hr/>                                   |
| Total Cash Receipts  | 55,254                         | 189,482                    | 244,736                                 |
|  | <hr/>                          | <hr/>                      | <hr/>                                   |
| <b>Cash Disbursements:</b>   |                                |                            |   |
| Current:   |                                |                            |   |
| General Government   | 52,119                         |                            | 52,119                                  |
| Public Safety  | 50                             | 81,145                     | 81,195                                  |
| Public Works   |                                | 72,448                     | 72,448                                  |
| Health   | 530                            |                            | 530                                     |
| Debt Service:  |                                |                            |   |
| Redemption of Principal  |                                | 16,314                     | 16,314                                  |
| Interest and Fiscal Charges  |                                | 1,047                      | 1,047                                   |
|  | <hr/>                          | <hr/>                      | <hr/>                                   |
| Total Cash Disbursements   | 52,699                         | 170,954                    | 223,653                                 |
|  | <hr/>                          | <hr/>                      | <hr/>                                   |
| Total Cash Receipts Over/(Under) Cash Disbursements  | 2,555                          | 18,528                     | 21,083                                  |
|  | <hr/>                          | <hr/>                      | <hr/>                                   |
| <b>Other Financing Receipts and (Disbursements):</b>   |                                |                            |   |
| Other Sources  | 1,211                          |                            | 1,211                                   |
|  | <hr/>                          | <hr/>                      | <hr/>                                   |
| Total Other Financing Receipts/(Disbursements)   | 1,211                          | 0                          | 1,211                                   |
|  | <hr/>                          | <hr/>                      | <hr/>                                   |
| Excess of Cash Receipts and Other Financing<br>Receipts Over/(Under) Cash Disbursements<br>and Other Financing Disbursements | 3,766                          | 18,528                     | 22,294                                  |
|  | <hr/>                          | <hr/>                      | <hr/>                                   |
| Fund Cash Balances, January 1  | 18,388                         | 75,698                     | 94,086                                  |
|  | <hr/>                          | <hr/>                      | <hr/>                                   |
| <b>Fund Cash Balances, December 31</b>   | <b>\$ 22,154</b>               | <b>\$ 94,226</b>           | <b>\$ 116,380</b>                       |
|  | <hr/> <hr/>                    | <hr/> <hr/>                | <hr/> <hr/>                             |

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

**JACKSON TOWNSHIP  
PERRY 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<br/>(Memorandum<br/>Only)</u> |
|---|--------------------------------|----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> |   |
| <b>Cash Receipts:</b>   |                                |                            |   |
| Local Taxes   | \$ 21,074                      | \$ 99,404                  | \$ 120,478                              |
| Intergovernmental   | 25,427                         | 75,434                     | 100,861                                 |
| Earnings on Investments   | 2,576                          | 2,693                      | 5,269                                   |
| <b>Total Cash Receipts</b>  | <u>49,077</u>                  | <u>177,531</u>             | <u>226,608</u>                          |
| <b>Cash Disbursements:</b>  |                                |                            |   |
| Current:  |                                |                            |   |
| General Government  | 43,930                         |                            | 43,930                                  |
| Public Safety   | 50                             | 70,850                     | 70,900                                  |
| Public Works  |                                | 82,214                     | 82,214                                  |
| Health  | 540                            |                            | 540                                     |
| Debt Service:   |                                |                            |   |
| Redemption of Principal   |                                | 21,018                     | 21,018                                  |
| Interest and Fiscal Charges   |                                | 2,130                      | 2,130                                   |
| <b>Total Cash Disbursements</b>   | <u>44,520</u>                  | <u>176,212</u>             | <u>220,732</u>                          |
| <b>Total Cash Receipts Over/(Under) Cash Disbursements</b>  | <u>4,557</u>                   | <u>1,319</u>               | <u>5,876</u>                            |
| <b>Other Financing Receipts and (Disbursements):</b>  |                                |                            |   |
| Other Sources   | 94                             |                            | 94                                      |
| <b>Total Other Financing Receipts/(Disbursements)</b>   | <u>94</u>                      | <u>0</u>                   | <u>94</u>                               |
| <b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b> | <u>4,651</u>                   | <u>1,319</u>               | <u>5,970</u>                            |
| <b>Fund Cash Balances, January 1</b>  | <u>13,737</u>                  | <u>74,379</u>              | <u>88,116</u>                           |
| <b>Fund Cash Balances, December 31</b>  | <u><u>\$ 18,388</u></u>        | <u><u>\$ 75,698</u></u>    | <u><u>\$ 94,086</u></u>                 |

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



**JACKSON TOWNSHIP  
PERRY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Jackson Township, Perry 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 and cemetery maintenance. The Township contracts with the Village of Junction City to provide fire protection services 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. 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 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 motor vehicle license tax money for constructing, maintaining, and repairing Township roads.

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

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

**JACKSON TOWNSHIP  
PERRY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Fire District Fund* - This fund receives property tax money to provide fire protection to the residents of the Township through a contract with the Village of Junction City.

*Emergency Medical Services Fund* - This fund receives property tax money to provide emergency medical services to the residents of the Township through a contract with the Village of Junction City.

**D. 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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.

**G. Accumulated Vacation and Sick Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**JACKSON TOWNSHIP  
PERRY COUNTY**

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

**2. EQUITY IN POOLED CASH**

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

|                 |           |          |
|-----------------|-----------|----------|
|                 | 2001      | 2000     |
| Demand Deposits | \$116,380 | \$94,086 |

**Deposits:** Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
|-----------------|----------------------|--------------------|-----------|
| General         | \$ 46,409            | \$ 56,465          | \$ 10,056 |
| Special Revenue | 176,020              | 189,482            | 13,462    |
| Total           | \$ 222,429           | \$ 245,947         | \$ 23,518 |

2001 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type       | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
|-----------------|----------------------------|---------------------------|-----------|
| General         | \$ 64,797                  | \$ 52,699                 | \$ 12,098 |
| Special Revenue | 251,718                    | 170,954                   | 80,764    |
| Total           | \$ 316,515                 | \$ 223,653                | \$ 92,862 |

2000 Budgeted vs. Actual Receipts

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
|-----------------|----------------------|--------------------|-----------|
| General         | \$ 38,352            | \$ 49,171          | \$ 10,819 |
| Special Revenue | 158,660              | 177,531            | 18,871    |
| Total           | \$ 197,012           | \$ 226,702         | \$ 29,690 |

2000 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type       | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
|-----------------|----------------------------|---------------------------|-----------|
| General         | \$ 52,089                  | \$ 44,520                 | \$ 7,569  |
| Special Revenue | 233,039                    | 176,212                   | 56,827    |
| Total           | \$ 285,128                 | \$ 220,732                | \$ 64,396 |

**JACKSON TOWNSHIP  
PERRY 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 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, 2001, was as follows:

|                | Principal | Interest Rate |
|----------------|-----------|---------------|
| Equipment Loan | \$3,487   | 5.5%          |

The equipment loan was issued to finance the purchase of a new tractor and mower to be used for Township mowing. The loan is collateralized by the equipment purchased and is backed by the full faith and credit of the Township.

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

| Year Ending<br>December 31: |    | Equipment<br>Loan |
|-----------------------------|----|-------------------|
| 2002                        | \$ | 3,559             |

**6. RETIREMENT SYSTEMS**

The Township's elected 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.

**JACKSON TOWNSHIP  
PERRY COUNTY**

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

**6. RETIREMENT SYSTEMS (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed an amount equal 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**

The Township has obtained commercial insurance for the following risks:

- General liability and casualty;
- Vehicles
- Property, including electronic data equipment, and
- Public officials' liability.

The Township also offers healthcare insurance to full-time employees and elected officials through a private carrier; however there were no participants during the audit period.

**8. SUBSEQUENT EVENTS**

The Board of Trustee's entered into a loan agreement for the purchase of a 2002 International truck in December 2001. The amount to be financed is \$65,000, at an interest rate of 6%. The truck was delivered on January 10, 2002, and the first of 10 semiannual payments is due June 10, 2002.

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Jackson Township  
Perry County  
2933 Run-A-Round Road  
Junction City, Ohio 43748

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Perry County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 28, 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2001-41064-001. We also noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 28, 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. 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 28, 2002.

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

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

March 28, 2002



JACKSON TOWNSHIP  
PERRY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000

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

FINDING NUMBER 2001-41064-001

**Finding for Recovery**

According to the May 2000 timesheet for William F. Barnett, he was paid overtime for tornado damage cleanup. Mr. Barnett was entitled to be paid time and one half (\$19.50) for hours worked over 40 hours in that week. During the week of May 22, Mr. Barnett worked 17 hours overtime and was entitled to \$331.50 in overtime compensation. However, according to the payroll records, Mr. Barnett was compensated for 25.5 hours of overtime at a rate of \$19.50 per hour, by the Clerk of the Township, Joyce Barnett. This resulted in overcompensation in the amount of \$165.75, as shown in the following table:

|                 | Overtime<br>Hours | Overtime<br>Hourly<br>Rate | Total            |
|-----------------|-------------------|----------------------------|------------------|
| Amount Paid     | 25.5              | 19.5                       | \$ 497.25        |
| Amount Due      | 17                | 19.5                       | <u>331.50</u>    |
| Amount Overpaid |                   |                            | <u>\$ 165.75</u> |

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for public money illegally expended is hereby issued against William F. Barnett, Township employee, and Joyce Barnett, Township Clerk and the Western Surety Company, her bonding company, jointly and severally, in the amount of \$165.75, in favor of the Gasoline Tax Fund of Jackson Township.

This finding was repaid in full on April 9, 2002, receipt number 19-02, to the credit of the Gasoline Tax Fund.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**JACKSON TOWNSHIP**

**PERRY 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 9, 2002**