



**Auditor of State  
Betty Montgomery**



**JACKSON TOWNSHIP  
MAHONING COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Jackson Township  
Mahoning County  
10613 Mahoning Avenue  
P.O. Box 400  
North Jackson, Ohio 44451-0400

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township (the Township) as of and for the years ended December 31, 2002 and December 31, 2001. 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 the Township as of December 31, 2002 and December 31, 2001, 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 30, 2003 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 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 30, 2003

**JACKSON TOWNSHIP  
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types				Fiduciary Fund Types	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Non-Expendable Trust	
<b>Cash Receipts:</b>						
Local Taxes	\$136,372	\$326,453	\$66,345			\$529,170
Licenses, Permits, and Fees	30,086					30,086
Fines, Forfeitures, and Penalties	3,134	332				3,466
Intergovernmental	46,838	160,784		\$65,677		273,299
Special Assessments				1,139		1,139
Earnings on Investments	15,993	3,072			\$181	19,246
Other Revenue	1,537	20,778				22,315
<b>Total Cash Receipts</b>	<b>233,960</b>	<b>511,419</b>	<b>66,345</b>	<b>66,816</b>	<b>181</b>	<b>878,721</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	153,180	22,575				175,755
Public Safety		314,135				314,135
Public Works	954	63,673		1,077		65,704
Health	47,677					47,677
Conservation - Recreation	9,107					9,107
Miscellaneous						
Debt Service:						
Redemption of Principal	6,056	12,772	61,669			80,497
Interest and Fiscal Charges	925	924	4,676			6,525
Capital Outlay	13,173	29,927		65,677		108,777
<b>Total Cash Disbursements</b>	<b>231,072</b>	<b>444,006</b>	<b>66,345</b>	<b>66,754</b>	<b>-</b>	<b>808,177</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>2,888</b>	<b>67,413</b>	<b>-</b>	<b>62</b>	<b>181</b>	<b>70,544</b>
<b>Other Financing Receipts and (Disbursements):</b>						
Proceeds from Sale of Public Debt:						
Sale of Notes		19,184				19,184
Transfers-In		5,000				5,000
Advances-In	11,273	8,437	2,836			22,546
Transfers-Out	(5,000)					(5,000)
Advances-Out	(11,273)	(8,437)	(2,836)			(22,546)
Other Sources					4,207	4,207
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(5,000)</b>	<b>24,184</b>	<b>-</b>	<b>-</b>	<b>4,207</b>	<b>23,391</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,112)	91,597		62	4,388	93,935
Fund Cash Balances, January 1	324,592	494,299		10,052	5,269	834,212
<b>Fund Cash Balances, December 31</b>	<b>\$322,480</b>	<b>\$585,896</b>	<b>\$0</b>	<b>\$10,114</b>	<b>\$9,657</b>	<b>\$928,147</b>

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

**JACKSON TOWNSHIP  
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types				Fiduciary Fund Types	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Non-Expendable Trust	
<b>Cash Receipts:</b>						
Local Taxes	\$130,584	\$337,989	\$84,941			\$553,514
Licenses, Permits, and Fees	46,111					46,111
Fines, Forfeitures, and Penalties	3,218	146				3,364
Intergovernmental	35,159	122,609				157,768
Special Assessments				\$1,282		1,282
Earnings on Investments	21,635	3,941			\$382	25,958
Other Revenue	8,916	11,331				20,247
<b>Total Cash Receipts</b>	<b>245,623</b>	<b>476,016</b>	<b>84,941</b>	<b>1,282</b>	<b>382</b>	<b>808,244</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	147,480	37,451				184,931
Public Safety		273,320				273,320
Public Works	1,000	43,294		1,156		45,450
Health	44,081					44,081
Conservation - Recreation	11,171	6,000				17,171
Miscellaneous						
Debt Service:						
Redemption of Principal		42,189	77,910			120,099
Interest and Fiscal Charges		4,149	7,031			11,180
Capital Outlay	6,276	77,484		79,982		163,742
<b>Total Cash Disbursements</b>	<b>210,008</b>	<b>483,887</b>	<b>84,941</b>	<b>81,138</b>	<b>-</b>	<b>859,974</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>35,615</b>	<b>(7,871)</b>	<b>-</b>	<b>(79,856)</b>	<b>382</b>	<b>(51,730)</b>
<b>Other Financing Receipts and (Disbursements):</b>						
Sale of Fixed Assets		3,075				3,075
Advances-In	22,174	9,452	12,723			44,349
Advances-Out	(22,174)	(9,452)	(12,723)			(44,349)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>-</b>	<b>3,075</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,075</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	35,615	(4,796)		(79,856)	382	(48,655)
Fund Cash Balances, January 1	288,977	499,095		89,908	4,887	882,867
<b>Fund Cash Balances, December 31</b>	<b>\$324,592</b>	<b>\$494,299</b>	<b>\$0</b>	<b>\$10,052</b>	<b>\$5,269</b>	<b>\$834,212</b>

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



**JACKSON TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Jackson Township, Mahoning 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 government services, including road and bridge maintenance, cemetery maintenance, fire protection and police protection.

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. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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:

*Police District Fund* - This fund receives tax settlement money for the general operation of the police department.

*Fire District Fund* - This fund receives tax settlement money for the general operation of the fire district.

**JACKSON TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**3. Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had a General Bond (Note) Retirement Fund for the retirement of notes.

**4. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds.

The Township has several miscellaneous capital projects funds which are used to account for the purchase of various types of equipment for the Township such as fire equipment.

**5. Non-expendable Trust Funds**

These funds account for assets held by the township in a trustee capacity or as an agent for individuals, private organizations other governmental units, and/or other funds; where the principal must be kept intact, but the interest or income may be expended.

*Non-expendable Trust Fund/Cemetery Bequest* – This fund is used to account for cemetery bequests.

**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 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 carried over, and need not be reappropriated.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**JACKSON TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**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 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 is not reflected as a liability under the Township's basis of accounting.

**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>2002</u>	<u>2001</u>
Demand deposits	\$6,724	\$447,670
Certificates of deposit	2,900	2,900
Total deposits	<u>9,624</u>	<u>450,570</u>
Repurchase agreement	805,129	270,248
STAR Ohio	113,394	113,394
Total investments	<u>918,523</u>	<u>383,642</u>
Total deposits and investments	<u>\$928,147</u>	<u>\$834,212</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.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. Repurchase agreements are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Township's name.

**JACKSON TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$199,598	\$233,960	\$34,362
Special Revenue	462,187	535,603	73,416
Debt Service	66,345	66,345	0
Capital Projects	66,777	66,816	39
Fiduciary	125	4,388	4,263
Total	\$795,032	\$907,112	\$112,080

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$529,190	\$236,072	\$293,118
Special Revenue	955,121	444,006	511,115
Debt Service	66,409	66,345	64
Capital Projects	86,982	66,754	20,228
Fiduciary	5,394	0	5,394
Total	\$1,643,096	\$813,177	\$829,919

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$198,411	\$245,623	\$47,212
Special Revenue	449,589	479,091	29,502
Debt Service	84,941	84,941	0
Capital Projects	1,156	1,282	126
Fiduciary	150	382	232
Total	\$734,247	\$811,319	\$77,072

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$487,388	\$210,008	\$277,380
Special Revenue	956,691	483,887	472,804
Debt Service	97,663	84,941	12,722
Capital Projects	178,201	81,138	97,063
Fiduciary	5,037	0	5,037
Total	\$1,724,980	\$859,974	\$865,006

**JACKSON TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(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.

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, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
International Dump Truck	26,022	4.76%
Fire Tanker Apparatus	28,139	5.55%
Police Cruiser	12,468	5.10%
Total	<u>\$66,629</u>	

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

	<u>International Dump Truck</u>	<u>Fire Tanker Apparatus</u>	<u>Police Cruiser</u>
Year ending December 31:			
2003	13,960	29,723	6,717
2004	13,960		6,717
Total	<u>\$27,920</u>	<u>\$29,723</u>	<u>\$13,434</u>

**6. RETIREMENT SYSTEMS**

Full-time 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 2002 and 2001, law enforcement employees and full-time Township employees contributed 9% and 8.5%, respectively. The Township contributed an amount equal to 16% for law enforcement employees and 13.55% for full-time Township employees. The Township has paid all contributions required through December 31, 2002.

**JACKSON TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles. The following is the most current information available.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31:

	<b>2001</b>	<b>2000</b>
Casualty Coverage		
Assets	\$23,703,776	\$22,684,383
Liabilities	9,379,003	8,924,977
Retained earnings	\$14,324,773	\$13,759,406

	<b>2001</b>	<b>2000</b>
Property Coverage		
Assets	\$5,011,131	\$4,156,784
Liabilities	647,667	497,831
Retained earnings	\$4,363,464	\$3,658,953



**Auditor of State  
Betty Montgomery**

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

Jackson Township  
Mahoning County  
10613 Mahoning Avenue  
P.O. Box 400  
North Jackson, Ohio 44451-0400

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township (the Township) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated March 30, 2003. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**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 certain 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 30, 2003.

Jackson Township  
Mahoning County  
Independent Accountants' Report 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 30, 2003





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
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Columbus, Ohio 43216-1140

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800-282-0370

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**JACKSON TOWNSHIP**

**MAHONING 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  
JUNE 12, 2003**