



**Auditor of State  
Betty Montgomery**



**JACKSON TOWNSHIP  
GUERNSEY COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Jackson Township  
Guernsey County  
250 South 5<sup>th</sup> Street  
Byesville, Ohio 43723

To the Board of Trustees:

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

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

As described 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 Jackson Township, Guernsey County, as of December 31, 2003 and 2002, 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 May 17, 2004 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.

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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.

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

**Betty Montgomery**  
Auditor of State

May 17, 2004

**JACKSON TOWNSHIP  
GUERNSEY 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, 2003**

	<u>Governmental Fund Types</u>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$91,056	\$307,893	\$33,439	\$	\$	\$432,388
Intergovernmental	31,524	105,137		38,183		174,844
Licenses, Permits, and Fees	405	18,550				18,955
Earnings on Investments	1,268	129			23	1,420
Other Revenue	5,466	21,799				27,265
<b>Total Cash Receipts</b>	<b>129,719</b>	<b>453,508</b>	<b>33,439</b>	<b>38,183</b>	<b>23</b>	<b>654,872</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	109,961	902				110,863
Public Safety		59,401				59,401
Public Works	9,219	349,406				358,625
Health		77,567				77,567
Debt Service:						
Redemption of Principal			28,740			28,740
Interest and Fiscal Charges			4,714			4,714
Capital Outlay	100			38,183		38,283
<b>Total Cash Disbursements</b>	<b>119,280</b>	<b>487,276</b>	<b>33,454</b>	<b>38,183</b>	<b>0</b>	<b>678,193</b>
Total Cash Receipts Over/(Under) Cash Disbursements	10,439	(33,768)	(15)	0	23	(23,321)
<b>Other Financing Receipts:</b>						
Other Receipts	1,946					1,946
<b>Total Other Financing Receipts</b>	<b>1,946</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,946</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	12,385	(33,768)	(15)	0	23	(21,375)
Fund Cash Balances, January 1	29,298	212,514	30	0	5,731	247,573
<b>Fund Cash Balances, December 31</b>	<b>\$41,683</b>	<b>\$178,746</b>	<b>\$15</b>	<b>\$0</b>	<b>\$5,754</b>	<b>\$226,198</b>
Reserve for Encumbrances, December 31	\$0	\$0	\$0	\$0	\$0	\$0

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

**JACKSON TOWNSHIP  
GUERNSEY 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**

	<u>Governmental Fund Types</u>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$64,113	\$297,288	\$20,231	\$	\$	\$381,632
Intergovernmental	31,506	92,943		13,789		138,238
Licenses, Permits, and Fees	111	19,275				19,386
Earnings on Investments	1,233	152			46	1,431
Other Revenue	6,781	17,787				24,568
<b>Total Cash Receipts</b>	<b>103,744</b>	<b>427,445</b>	<b>20,231</b>	<b>13,789</b>	<b>46</b>	<b>565,255</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	133,229	274				133,503
Public Safety		70,368				70,368
Public Works	12,354	285,318				297,672
Health		60,039				60,039
Conservation - Recreation	6,500					6,500
Debt Service:						
Redemption of Principal			16,740			16,740
Interest and Fiscal Charges			3,461			3,461
Capital Outlay	30			13,789		13,819
<b>Total Cash Disbursements</b>	<b>152,113</b>	<b>415,999</b>	<b>20,201</b>	<b>13,789</b>	<b>0</b>	<b>602,102</b>
Total Cash Receipts Over/(Under) Cash Disbursements	(48,369)	11,446	30	0	46	(36,847)
<b>Other Financing Receipts/(Disbursements):</b>						
Proceeds from Sale of Public Debt:						
Sale of Notes		60,000				60,000
Transfers-In		4,000				4,000
Advances-In	4,000					4,000
Transfers-Out	(4,000)	0	0	0	0	(4,000)
Advances-Out		(4,000)				(4,000)
Other Receipts	2,524	480				3,004
<b>Total Other Financing Receipts and (Disbursements)</b>	<b>2,524</b>	<b>60,480</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>63,004</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(45,845)	71,926	30	0	46	26,157
Fund Cash Balances, January 1	75,143	140,588	0	0	5,685	221,416
<b>Fund Cash Balances, December 31</b>	<b>\$29,298</b>	<b>\$212,514</b>	<b>\$30</b>	<b>\$0</b>	<b>\$5,731</b>	<b>\$247,573</b>
Reserve for Encumbrances, December 31	\$0	\$24,067	\$0	\$0	\$0	\$24,067

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



**JACKSON TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Jackson Township, Guernsey 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Byesville to provide fire services and United Ambulance to provide ambulance 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 that is 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 Fund:

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

**3. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of note indebtedness. The Township had the following significant Debt Service Fund:

*Note Retirement Fund* - This fund receives property tax money to pay principal and interest on outstanding note debt.

**JACKSON TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**C. Fund Accounting (Continued)**

**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:

*Public Works Project Fund* – This fund receives monies from the Ohio Public Works Commission, passed through the Guernsey County Engineer's Office, to perform repairs on Township roads.

*Community Development Block Grant* – This fund records State of Ohio monies spent on behalf of the Township, through Guernsey County, for a paving project in 2003.

**5. Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Fund:

*Cemetery Bequest Fund* – This Non-Expendable Trust Fund receives interest and donations toward the care of Township owned cemeteries.

**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 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**JACKSON TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**E. 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.

**F. Accumulated 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.

**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:

	2003	2002
Demand deposits	\$226,198	\$247,573

**Deposits:** Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002, follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$95,976	\$131,665	\$35,689
Special Revenue	398,064	453,508	55,444
Debt Service	33,454	33,439	(15)
Capital Projects	42,147	38,183	(3,964)
Fiduciary	40	23	(17)
Total	\$569,681	\$656,818	\$87,137

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$124,950	\$119,280	\$5,670
Special Revenue	587,382	487,276	100,106
Debt Service	33,454	33,454	0
Capital Projects	42,147	38,183	3,964
Fiduciary	0	0	0
Total	\$787,933	\$678,193	\$109,740

**JACKSON TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$96,536	\$106,268	\$9,732
Special Revenue	378,597	491,925	113,328
Debt Service	20,231	20,231	0
Capital Projects	13,789	13,789	0
Fiduciary	100	46	(54)
Total	\$509,253	\$632,259	\$123,006

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$171,381	\$156,113	\$15,268
Special Revenue	505,050	440,066	64,984
Debt Service	20,231	20,201	30
Capital Projects	13,789	13,789	0
Fiduciary	0	0	0
Total	\$710,451	\$630,169	\$80,282

**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.

**JACKSON TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Note - Backhoe	\$7,740	5.5%
Promissory Note - Tractor and Mower	18,000	6.15%
Promissory Note - Dump Truck	<u>48,000</u>	3.64%
Total	<u><u>\$73,740</u></u>	

The promissory notes were issued to finance the purchase of a Case backhoe, a Massey Ferguson tractor with a boom mower, and an International dump truck to be used for Township road maintenance. The notes are collateralized solely by the Township's taxing authority.

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

	<u>Promissory Note - Backhoe</u>	<u>Promissory Note - Tractor and Mower</u>	<u>Promissory Note - Dump Truck</u>
Year ending December 31:			
2004	\$8,166	\$10,107	\$13,747
2005	0	9,554	13,310
2006	0	0	12,874
2007	0	0	12,437
Total	<u><u>\$8,166</u></u>	<u><u>\$19,661</u></u>	<u><u>\$52,368</u></u>

**6. RETIREMENT SYSTEMS**

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2003 and 2002, OPERS members 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, 2003.

**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.

**JACKSON TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (Continued)**

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. 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, from the General Reinsurance Corporation.

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 \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

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 reported the following assets, liabilities and retained earnings at December 31, 2002 and 2001 (the latest information available):

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$23,757,036	\$23,703,776
Liabilities	(9,197,512)	(9,379,003)
Retained earnings	<u>\$14,559,524</u>	<u>\$14,324,773</u>

<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$6,596,996	\$5,011,131
Liabilities	(1,204,326)	(647,667)
Retained earnings	<u>\$5,392,670</u>	<u>\$4,363,464</u>



**Auditor of State  
Betty Montgomery**

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

Jackson Township  
Guernsey County  
250 South 5<sup>th</sup> Street  
Byesville, Ohio 43723

To Board of Trustees:

We have audited the financial statements of Jackson Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 17, 2004, wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit, of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 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 2003-001. We also we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 17, 2004.

**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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 17, 2004.

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Jackson Township  
Guernsey 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

May 17, 2004



**JACKSON TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

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

**FINDING NUMBER 2003-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The township has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution.
2. Amounts of less than \$1,000 (which was increased to \$3,000 on April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

Fiscal officers may prepare so-called "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding 3 months or running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Effective September 26, 2003, the \$5,000 limit on the issuance of purchase orders and the requirement that purchase orders not extend beyond three months have been removed from the law. Effective September 26, 2003, purchase orders may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend past the end of the fiscal year. In other words, blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to exceed beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 17.6% of expenditures in 2003 and 33.3% of expenditures tested in 2002. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. There was no indication the Township used any of the aforementioned exceptions for any of the noncompliant transactions.

**JACKSON TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**FINDING NUMBER 2003-001 (Continued)**

**Noncompliance Citation (Continued)**

**Ohio Rev. Code Section 5705.41(D)(1) (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Township Clerk certify that funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township certify purchases to which Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Ohio Revised Code Section 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The fiscal officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

**JACKSON TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2001-41030-001	Ohio Rev. Code Section 117.28 - Finding for recovery	Fully corrected	
2001-41030-002	Ohio Rev. Code Section 117.28 - Finding for recovery	Fully corrected	
2001-41030-003	Ohio Rev. Code Section 5705.41(B)	Fully corrected	





**Auditor of State  
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

**JACKSON TOWNSHIP**

**GUERNSEY 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 22, 2004**