



**Auditor of State
Betty Montgomery**

JACKSON TOWNSHIP
CLERMONT COUNTY

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**Auditor of State
Betty Montgomery**

Jackson Township
Clermont County
4967 Maple Grove Road
Batavia, Ohio 45103

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

February 10, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Jackson Township
Clermont County
4967 Maple Grove Road
Batavia, Ohio 45103

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with 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 audit 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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or its changes in financial position for the year then ended.

Also, 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, Clermont County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2006, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

February 10, 2006

**JACKSON TOWNSHIP
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$51,118	\$236,248		\$287,366
Intergovernmental	47,610	113,539	\$114,151	275,300
Licenses, Permits, and Fees	2,555	6,377		8,932
Earnings on Investments	9,347	1,468		10,815
Other Revenue	185	14,798		14,983
	<u>110,815</u>	<u>372,430</u>	<u>114,151</u>	<u>597,396</u>
Cash Disbursements:				
Current:				
General Government	120,235	6,607		126,842
Public Safety	0	104,059		104,059
Public Works	0	86,112		86,112
Health	7,954	0		7,954
Debt Service:				
Redemption of Principal	0	34,448		34,448
Interest and Fiscal Charges	0	8,595		8,595
Capital Outlay	6,451	115,815	114,151	236,417
	<u>134,640</u>	<u>355,636</u>	<u>114,151</u>	<u>604,427</u>
Total Receipts Over/(Under) Disbursements	<u>(23,825)</u>	<u>16,794</u>	<u>0</u>	<u>(7,031)</u>
Other Financing Receipts:				
Proceeds from Bank Loan		55,000		55,000
Sale of Fixed Assets		15,000		15,000
Other Sources	5,927			5,927
	<u>5,927</u>	<u>70,000</u>	<u>0</u>	<u>75,927</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(17,898)	86,794	0	68,896
Fund Cash Balances, January 1	457,153	462,384		919,537
Fund Cash Balances, December 31	<u>\$439,255</u>	<u>\$549,178</u>	<u>\$0</u>	<u>\$988,433</u>
Reserve for Encumbrances, December 31	<u>\$2,798</u>	<u>\$4,825</u>	<u>\$0</u>	<u>\$7,623</u>

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

**JACKSON TOWNSHIP
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$50,687	\$214,689		\$265,376
Intergovernmental	75,811	95,628	\$10,000	181,439
Licenses, Permits, and Fees	2,174	4,150		6,324
Earnings on Investments	9,377	1,239		10,616
Other Revenue	0	9,552		9,552
Total Cash Receipts	<u>138,049</u>	<u>325,258</u>	<u>10,000</u>	<u>473,307</u>
Cash Disbursements:				
Current:				
General Government	121,304	5,789		127,093
Public Safety	0	111,777		111,777
Public Works	10,143	64,323		74,466
Health	7,856	0		7,856
Debt Service:				
Redemption of Principal	0	25,765		25,765
Interest and Fiscal Charges	0	8,452		8,452
Capital Outlay	0	14,554	10,000	24,554
Total Cash Disbursements	<u>139,303</u>	<u>230,660</u>	<u>10,000</u>	<u>379,963</u>
Total Receipts Over/(Under) Disbursements	<u>(1,254)</u>	<u>94,598</u>	<u>0</u>	<u>93,344</u>
Other Financing Receipts:				
Other Sources	4,315			4,315
Total Other Financing Receipts	<u>4,315</u>	<u>0</u>	<u>0</u>	<u>4,315</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	3,061	94,598		97,659
Fund Cash Balances, January 1	<u>454,092</u>	<u>367,786</u>		<u>821,878</u>
Fund Cash Balances, December 31	<u>\$457,153</u>	<u>\$462,384</u>	<u>\$0</u>	<u>\$919,537</u>
Reserve for Encumbrances, December 31	<u>\$2,661</u>	<u>\$5,347</u>	<u>\$0</u>	<u>\$8,008</u>

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

**JACKSON TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Jackson Township, Clermont County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and fire protection. The Township contracts with the Village of Owensville and Williamsburg Township to provide 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Deposits

The Township values certificates of deposit at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and deposits that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds 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:

Fire District Fund - This fund receives general property tax and tangible personal property tax money for compensation paid to employees, purchases of equipment and to finance other operating expenses.

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

**JACKSON TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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 canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>2004</u>	<u>2003</u>
Demand deposits	\$871,793	\$807,153
Certificates of deposit	116,640	112,384
Total deposits	<u>988,433</u>	<u>919,537</u>

**JACKSON TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH AND DEPOSITS (Continued)

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Township; or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$111,689	\$116,742	\$5,053
Special Revenue	470,261	442,430	(27,831)
Total	\$581,950	\$559,172	(\$22,778)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$614,079	\$137,438	\$476,641
Special Revenue	803,105	360,461	442,644
Total	\$1,417,184	\$497,899	\$919,285

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$139,146	\$142,364	\$3,218
Special Revenue	322,716	325,258	2,542
Total	\$461,862	\$467,622	\$5,760

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$610,516	\$141,964	\$468,552
Special Revenue	715,165	236,007	479,158
Total	\$1,325,681	\$377,971	\$947,710

Contrary to Ohio law, appropriations exceeded total estimated resources in the General [\$41,840], Road and Bridge [\$ 7,201], Permissive Motor Vehicle [\$31] funds at December 31, 2004; and in the General [\$16,409], Fire District [\$25,072], Motor Vehicle License Tax [\$1,047], Road and Bridge [\$2,768], Zoning [\$1,154], and Permissive Motor Vehicle [\$429] funds at December 31, 2003.

**JACKSON TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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, 2004 was as follows:

	Principal	Interest Rate
2001 Fire Truck Loan	\$122,634	5.00%
2004 Tractor Loan	47,619	4.70%
Total	\$170,253	

A bank loan was obtained in 2001 to finance the purchase of a new fire truck to be used for Township fire protection services. The Fire Truck Loan is secured by the truck.

In 2004 the Township obtained a bank loan to finance the purchase of a new tractor to be used for Township road maintenance. This loan is secured by the tractor.

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

	2001 Fire Truck Loan	2004 Tractor Loan
Year ending December 31:		
2005	\$34,217	\$15,130
2006	34,217	15,130
2007	34,217	15,130
2008	34,217	7,565
Total	\$136,868	\$52,955

6. RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**JACKSON TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. RETIREMENT SYSTEM (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003 OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

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.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Townships 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 \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding 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 township.

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:

**JACKSON TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

7. RISK MANAGEMENT (Continued)

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	<u>(13,640,962)</u>	<u>(11,791,300)</u>
Retained earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	<u>(753,906)</u>	<u>(750,956)</u>
Retained earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Jackson Township
Clermont County
4967 Maple Grove Road
Batavia, Ohio 45103

To the Board of Trustees:

We have audited the financial statements of Jackson Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated February 10, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A Reportable condition is described in the accompanying schedule of findings as item 2004-003.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Township's management dated February 10, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 through 2004-003. In a separate letter to the Township's management dated February 10, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the finance committee, management, and the Board of Trustees. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

February 10, 2006

JACKSON TOWNSHIP
CLERMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003

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

FINDING NUMBER 2004-001

Finding for Recovery Repaid Under Audit

Ohio Rev. Code, Section 507.09, sets the compensation for Township clerk/treasurers (fiscal officers).

Township Clerk/Treasurer Harold Herron completed his appointment for the period of April 1, 2000 to March 31, 2004 and started a new term for the period of April 1, 2004 to March 31, 2008. The salary due and paid to Harold Herron based on budgets approved by the county budget commission is as follows.

For townships with a budget between \$750,001 and \$1,500,000, the township clerk/treasurer's compensation is one fourth of \$14,857 (for the first three months of the year) and three fourths of \$15,396 (for the remaining months of the year). For townships with a budget between \$1,500,001 and \$3,500,000, the township clerk/treasurer's compensation is \$17,962. Based on this section, Harold Herron should have been paid \$15,282 as compensation for township clerk/treasurer for fiscal year 2004. Mr. Herron was paid a total of \$15,396, which resulted in a \$114 overpayment of the statutory defined amount.

This proposed finding is based on the following calculation:

Official Certificate of Estimated Resources - \$1,385,476, salary $\$14,857/12 = 1,238.08$

Amended Certificates - \$1,472,422 (2/2/04), \$1,410,422 (2/18/04), \$1,465,422 (7/14/04) and \$1,503,665 (12/29/04)

Salary (January, February and March) $\$14,857/12 = 1,238.08 \times 3 = 3,714.24$

Salary (April through November) $\$15,396/12 = 1,283 \times 8 = 10,264$

Salary (December) $\$1,283/31 \text{ days} = 41.39 \text{ per day}$

Salary 28 days $\times 41.39 = 1,158.92$

Salary 3 days remaining in December based upon annual salary of 17,962

Salary $17,962/12 = 1,496.83 / 31 = 48.28 \text{ per day}$

Salary 3 days $\times 48.28 = 144.84$

$\$3,714.24 + \$10,264 + 1,158.92 + 144.84 = \$15,282$

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is issued against Harold Herron, Township Clerk/Treasurer, and the Ohio Township Association Risk Management Authority, his surety, jointly and severally, in the amount of \$114, in favor of the General Fund.

On July 27, 2005, Mr. Herron repaid \$114 to the credit of Jackson Township's general fund.

FINDING NUMBER 2004-002

Noncompliance Citation

Ohio Rev. Code, Section 5705.39, provides that the total appropriation from each fund should not exceed the total estimated revenue. The total appropriations exceeded estimated resources for the following funds at the indicated year end:

<u>Year</u>	<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriation</u>	<u>Variance</u>
2004	General Fund	\$572,239	\$614,079	(\$41,840)
2004	Road and Bridge Fund	94,177	101,378	(7,201)
2004	Permissive Motor Vehicle	80,744	80,775	(31)
2003	General Fund	594,107	610,516	(16,409)
2003	Fire District Fund	353,579	378,651	(25,072)
2003	Motor Vehicle License Tax	17,943	18,990	(1,047)
2003	Road and Bridge	78,134	80,902	(2,768)
2003	Zoning	8,068	9,222	(1,154)
2003	Permissive Motor Vehicle	57,976	58,405	(429)

Also at 2/18/04 and 7/14/04, the General, Road and Bridge and Fire District Fund appropriations exceeded estimated resources.

FINDING NUMBER 2004-003

Noncompliance Citation/Reportable Condition

Ohio Rev. Code, Section 5705.41(D)(1), prohibits a subdivision or taxing entity 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 that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. 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 the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 (\$1,000 prior to 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.

FINDING NUMBER 2004-003
(Continued)

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) 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.
3. 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 extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The availability of funds was not certified in twenty-eight percent of the Township’s expenditures tested, nor did the Township use the aforementioned exceptions. Every effort should be made by the Township to properly utilize the encumbrance method of accounting by certifying funds on purchase orders. Failure to properly certify funds could result in overspending the Township’s funds.

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 Clerk certify that the 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 section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 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 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

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**JACKSON TOWNSHIP
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-40413-001	Revised Code 5705.41(D), failure to certify funds as required.	No	Not Corrected, Reissued as number 2004-003
Management Letter Compliance # 5	Revised Code 5705.39, appropriations exceeded estimated revenue	No	Not Corrected, reissued as 2004-002



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JACKSON TOWNSHIP

CLERMONT 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
MARCH 2, 2006**